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NEWS CLIPPINGS

Currency Watch	
USD	81.14
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INTERNATIONAL NEWS

No	Topics
1	Asia's factory activity shrinks in Nov as China lockdown impact widens
2	Global maritime supply chains need a boost to be future-ready: UNCTAD
3	McKinsey: Industry Bracing for a Slowdown
4	US' retail sales up 10.9% YoY on Thanksgiving weekend: Mastercard
5	Shein is 'Flooding' Europe With Toxic Products, Greenpeace Warns
6	China: Cotton textile and chemical fiber downstream holiday schedule-to start LNY earlier?
7	South Africa's apparel imports from Bangladesh to rise this year
8	Turkiye's garment exports rise 8.44% in Jan-Oct 2022
9	High fashion growth likely in Middle East, N America in 2023: McKinsey
10	Vietnam bags foreign investment over $25 bn in 11 months: FIA
11	Bangladesh: RMG orders picking up as US retail sales spike
12	Sri Lanka's fabric manufacturer sees opporutunity for thicker textiles in Western markets
13	Vietnam, UK should exploit untapped potential of UKVFTA: Top official

NATIONAL NEWS	
No	**Topics**
1	India and Australia exchange written notifications; Ind-AUS ECTA to enter into force on 29 December 2022
2	India – A 1 trillion manufacturing export market by 2030
3	Exporters hopeful of greater business with Russia as rupee trade mechanism firms up
4	Today, India commences its G20 presidency
5	Q2 GDP growth slows to 6.3%; Centre hopeful of 6.8-7% growth for full fiscal
6	Core industries' output dips to 20-month low of 0.1% in October
7	Shipping industry digitisation: Govt pitches for time-bound action plans, adoption of maritime 'single window system'
8	Punjab mandis see slowest cotton arrival in five years
9	Bommai requests Centre to sanction mega textile parks in three districts

INTERNATIONAL NEWS

Asia's factory activity shrinks in Nov as China lockdown impact widens

Factory output slumped widely across Asia in November as slowing global demand and uncertainty over the fallout from China's strict COVID-19 lockdowns weighed on business sentiment, private surveys showed on Thursday.

The results highlighted Asia's darkening economic outlook for 2023, as the lockdowns disrupt international supply and heighten fears of a further slump in its economy, the world's second-largest.

Amid the pandemic curbs, China's factory activity shrank in November, a private survey showed on Thursday. The result implied weaker employment and economic growth in the fourth quarter.

Manufacturing activity also contracted in export-reliant economies, including Japan and South Korea, and in emerging nations, such as Vietnam, underscoring widening damage from weak global demand and stubbornly high input costs, surveys showed.

"Cooling market conditions, sustained cost pressures and weak underlying demand, both domestically and internationally, were reportedly pivotal factors contributing to the declines," said economist Laura Denman at S&P Global Market Intelligence, which compiles the survey on Japan.

China's Caixin/S&P Global manufacturing purchasing managers' index (PMI) stood at 49.4 in November, up from 49.2 in the previous month but still below the 50 mark, which separates growth from contraction. It has now been below 50 for four consecutive months.

The figure followed downbeat data in an official survey on Wednesday that showed manufacturing activity had hit a seven-month low in November.

Japan's au Jibun Bank PMI also fell, to 49.0 in November from October's 50.7. That was the first contraction since November 2020.

South Korea's factory activity shrank for a fifth straight month in November but the downturn moderated slightly, possibly suggesting the worst was over for businesses.

Still, South Korea's exports in November suffered their steepest annual drop in 2-1/2 years, separate data showed on Thursday, hit by cooling global demand in major markets led by China and a downturn in the semiconductor industry.

Lockdowns in China have hit production at a factory there that is the biggest producer of Apple Inc iPhones. They have also stoked rare street protests across many cities.

The impact of China's woes was felt widely across Asia. Taiwan's PMI stood at 41.6 in November, up slightly from 41.5 in October but remaining far below the 50 mark.

Vietnam's PMI fell to 47.4 in November from 50.6 in October, while that for Indonesia slid to 50.3 from 51.8, the private surveys showed.

Source: business-standard.com- Dec 01, 2022

HOME

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Global maritime supply chains need a boost to be future-ready: UNCTAD

United Nations Conference on Trade and Development (UNCTAD) has called for global maritime transport and logistics to build supply chain resilience by increasing investment in infrastructure and sustainability to be future-ready for crises. UNCTAD also urged ports, shipping fleets, and hinterland connections to transition to low-carbon energy.

The supply chain crisis of the last two years has shown that a mismatch between demand and supply of maritime logistics capacity leads to surges in freight rates, congestion, and critical interruptions to global value chains, as per UNCTAD flagship publication 'Review of Maritime Transport 2022'.

Ships carry over 80 per cent of the goods traded globally, with the percentage even higher for most developing countries, hence the urgent need to boost resilience to shocks that disrupt supply chains, fuel inflation, and affect the poorest the most, according to the data released in the publication's report.

Logistics supply constraints combined with a surge in demand for consumer goods and e-commerce pushed container spot freight rates to five times their pre-pandemic levels in 2021, reaching a historical peak in early 2022 and sharply increasing consumer prices. The rates have dropped since mid-2022, but they remain high for oil and natural gas tanker cargo due to the ongoing energy crisis.

UNCTAD called on countries to carefully assess potential changes in shipping demand, develop, and upgrade port infrastructure and hinterland connections while involving the private sector. They should also bolster port connectivity, expand storage and warehousing space and capabilities, and minimise labour and equipment shortages, as per the report.

Many supply chain disruptions can also be eased through trade facilitation, notably through digitalisation, which cuts waiting and clearance times in ports and speeds up documentary processes through e-documents and electronic payments, UNCTAD's report further suggested.

More investment is required to cut the carbon footprint of global maritime transport. The report showed that between 2020 and 2021 total carbon emissions from the world maritime fleet increased by 4.7 per cent, with most of the increases coming from container ships and general cargo vessels.

Investments in new ships that reduce greenhouse gas emissions will be hampered by surging borrowing costs, a darkened economic outlook, and regulatory uncertainties, as per the report.

UNCTAD urged the international community to ensure countries that are most negatively affected by climate change – and have contributed the least to its causes – are not negatively affected by climate mitigation efforts in maritime transport.

The container shipping sector has been transformed by horizontal consolidation through mergers and acquisitions. Shipping carriers have also pursued vertical integration by investing in terminal operations and other logistics services. Between 1996 and 2022, the top 20 carriers increased their share of container-carrying capacity from 48 per cent to 91 per cent. And over the past five years, the four largest carriers increased their market shares to control more than half of the global capacity, the report said.

UNCTAD called on competition and port authorities to work together to respond to industry consolidation with measures to protect competition. The report urged stronger international cooperation on cross-border, anticompetitive practices in maritime transport, based on the UN Set of Competition Rules and Principles.

Source: fibre2fashion.com- Nov 30, 2022

HOME

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McKinsey: Industry Bracing for a Slowdown

The bumpy road to recovery from the Covid crisis is now leading the fashion industry toward a new set of challenges. Geopolitical conflicts and fears of a recession could prolong the sector's journey back to normalcy, experts and executives believe.

More than half of the industry's leaders (56 percent) are bracing for a slowdown in 2023, according to McKinsey's State of Fashion report, released with Business of Fashion this week. A confluence of factors including the ongoing war in Ukraine, rising inflation and lingering supply chain sluggishness have painted a stark picture for the upcoming 12 months.

"Just as the fashion industry was about to recover from Covid-19," with global sector revenue blossoming by 21 percent in 2021, and average EBITA margins up by six points, "the deteriorating macroeconomic and geopolitical conditions have weighed heavily on the industry in the second half of 2022," McKinsey global leader of apparel, fashion and luxury Achim Berg said. "While the industry's strong performance—with 13-percent revenue growth in the first half of 2022—provides a solid foundation, we expect 2023 to remain challenging."

The fragility of the global economy stands to have a tangible impact; 85 percent of executives surveyed for the report believe inflation will remain a challenge in the year ahead, and 58 percent said the energy crisis will continue to erode the market, with global GDP growth expected to slow to about 2.2 percent. The vast majority (85 percent) believe market conditions will either decline or hold steady next year—notable in contrast to the optimism they felt heading into 2022, when 91 percent predicted steadiness or improvement.

McKinsey's market assessment underscores their grim outlook, with industry sales projected to grow at a slower rate than 2022. The group expects to see -2 percent to +3 percent growth across the industry in the year ahead, and figures stand to see distortion due to inflation, with a sizable share of sales impacted by rising business costs and MSRPs. The sector could even see a decline in sales volume, "which has not happened for many years," analysts wrote.

Outcomes will likely vary across the globe, with certain regions hit harder than others. U.S. retail executives, feeling that their companies are more shielded from the conflict in the Ukraine and pandemic challenges, were more optimistic—61 percent said they expect that conditions will remain the same, or even improve, next year.

“U.S. retail sales are expected to close 2022 on a two-decade high, building a strong foundation heading into 2023,” Anita Balchandani, senior partner and head of McKinsey’s apparel, fashion and luxury group for EMEA, said.

Leaders in Europe (64 percent) and Asia (53 percent) were decidedly less bullish, saying they foresee worsening conditions for their businesses. “Our report indicates that the current economic environment is creating a shift in regional dominance,” Balchandani added. Long considered the industry’s growth powerhouse, China is slated to see a backslide in 2023, with GDP growing by just 3.2 percent compared to an 8.1 percent rise in 2021.

The country’s zero-Covid policies have stymied both commerce and supply chain recovery in the country, “leading some fashion executives to seek out opportunities elsewhere, at least over the short term.” More than three-fifths (65 percent) said they were mulling shifts in sourcing to nearshore locales to better serve their domestic markets.

A “modest” recovery in China is expected in 2023, according to McKinsey, and will be tied heavily to the country’s luxury sales. Luxury stands to grow by 9 percent to 14 percent in 2023, compared with non-luxury fashion categories, which are projected to see just 2 percent to 7 percent growth next year.

Characterizing Europe’s prospects as “particularly gloomy,” the group said the region’s GDP is expected to grow by just 1 percent in 2023, with inflation further undercutting consumer confidence. Like China, Europe’s luxury sales will see the bulk of sales growth (3 percent to 8 percent), backed by wealthy tourists from the U.S. and Middle East resuming travel. Non-luxury fashion could see sales growth as low as -4 percent to +1 percent, as shoppers continue to feel stretched by gas prices and lapsing government assistance programs.

The report’s “superwinners” largely reflect the data trends. Nike held on to the No. 1 spot globally, but is now followed by LVMH, which beat out Zara owner Inditex. Luxury firms Kering and Hermès rounded out the top five, ousting Marshalls, TJMaxx and Homegoods owner TJX. Lululemon, China’s Anta Sport, JD Sports, Deckers and first-time listmakers Dick’s Sporting Goods and VF Corp underscored the continued resonance of activewear in a landscape where the new normal is defined by more time outside of the office.

Changes in the way consumers interact with brands also contributed to a shuffle of the superwinners, with online retailers Zalando and Next falling off the top 20 list—a likely result of physical retail’s rebound. According to analysts, the market capitalization of web-based players plummeted in the second half of 2021 despite a meteoric rise during the early days of Covid.

“By the first quarter of 2022, they were valued well below the rest of the industry and have since suffered while the index otherwise stabilized,” analysts said (though notably, digitally native fast fashion juggernaut Shein—said to be valued at $100 billion earlier this year—was excluded from the research). One-third of executives pointed to direct-to-consumer channels as one of the top issues in need of attention in 2023, whether due to stagnating growth or the heightened cost of digital marketing and consumer acquisition, which has tripled in cost since 2013.

Executives said that sustainability—and communicating their ESG efforts effectively to shoppers—represents the biggest opportunity for brands in 2023. The sector continues to contend with its damaging impacts to people and the planet, with many brands investing heavily in material innovation, smarter sourcing, energy efficiency and recycling. Still, leaders know their sustainability credentials are facing increased scrutiny as shoppers sniff out greenwashers, and 79 percent said the greatest hurdle to improving consumer confidence was the lack of industry-wide standards to level the playing field across the space.

Emerging and upcoming governmental regulation stands to push more players into compliance. France is expected to pass legislation requiring brands to label their products with a standardized environmental score to help consumers make more informed purchases. The U.K.’s Competition and Markets Authority launched a review of fashion sector sustainability claims this year, calling out fast fashion brands that it said were using misleading verbiage to describe their efforts, leading to an industry-wide call to end greenwashing.

Meeting consumer demand and government regulation will involve transparency from the industry, which is increasingly investing in tools to promote transparency across their operations. “Before brands can accurately talk about their credentials, they should dig deep into their own operations and supply chains to gather data that they can benchmark effectively,” analysts said.

“Fashion leaders have an opportunity in 2023 to forge new rules of engagement when it comes to sustainability,” they added, “from aligning companywide marketing as well as regulatory and other disclosures to working with policymakers, industry bodies and other brands to address pain points.”

Source: sourcingjournal.com- Nov 30, 2022

HOME

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US' retail sales up 10.9% YoY on Thanksgiving weekend: Mastercard

US' retail sales have experienced a 10.9-per cent growth year-on-year (YoY), excluding auto, during the Thanksgiving weekend, as per a report by Mastercard SpendingPulse. E-commerce sales increased 12.5-per cent YoY, while in-store sales grew 10.5-per cent for the Thanksgiving weekend running Thursday, November 24 through Sunday, November 27, 2022.

Apparel was one of the key drivers of Thanksgiving 2022 weekend's growth, as the segment saw 14.4-per cent increase YoY, according to the report.

"Digital and physical stores have both been prioritised this season as new consumer preferences for omnichannel emerge," said Steve Sadove, senior advisor for Mastercard and former CEO and chairman of Saks Incorporated.

For Monday, November 28, 2022, overall retail sales remained positive though they moderated slightly from the weekend in terms of year-over-year growth. Total retail sales excluding auto were up 9.7 per cent YOY, while e-commerce sales were up 10.9 per cent YOY and in-store retail sales were up 9.2 per cent YOY, according to the report.

US retail sales on Friday, November 25, 2022, were up 12 per cent year-over-year excluding automotive. Further, in-store sales increased 12 per cent YOY, while e-commerce sales experienced a sustained growth of 14 per cent YOY.

"With holiday promotions kicking off long before the Thanksgiving weekend, consumers have been shopping strategically for the season's best deals," said Michelle Meyer, North America chief economist, Mastercard Economics Institute. "Retailers delivered on Black Friday with deals that enticed consumers to fill their carts despite the inflationary environment."

Source: fibre2fashion.com- Nov 30, 2022

HOME

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Shein is 'Flooding' Europe With Toxic Products, Greenpeace Warns

A purple-and-blue girl's tutu. A black suedette jacket with silver accents. A pair of knee-high stiletto boots in fire-engine red.

These are just a few of Shein's vast inventory that contain hazardous chemicals at levels breaching European Union regulatory limits, environmental activists claim.

As much as 15 percent of the e-tail phenom's inexpensive offerings could be tainted this way, according to a report published last week by Greenpeace Germany, which commissioned tests on 47 products that it purchased from Shein websites in Austria, Germany, Italy, Spain and Switzerland, as well as a pop-up store in the Bavarian capital of Munich. Seven of the items harbored concentrations of phthalates, formaldehyde and nickel that flouted the bloc's REACH—registration, evaluation and authorization of chemicals—rules. Among them, five exceeded thresholds by 100 percent or more.

But these were only the most egregious examples, Greenpeace noted. Of the 47 products, 15—i.e., 32 percent—contained toxic substances such as dimethylformamide and lead at levels of concern. All but two of the items also carried at least one hazardous substance, albeit at "relatively" lower levels.

Viola Wohlgemuth, toxics and circular economy campaigner for Greenpeace Germany, said that toxic chemicals "underpin" Shein's oft-criticized ultra-fast-fashion business model, which has catapulted the Chinese company to a valuation of at least $65 billion.

"Shein products containing hazardous chemicals are flooding European markets and breaking regulations, which are not being enforced by the authorities," she said. "But it's the workers in Shein's suppliers, the people in surrounding communities and the environment in China that bear the brunt of Shein's hazardous chemical addiction."

Shein said that it takes product safety "very seriously" and that its suppliers are required to adhere to controls and standards aligned with REACH, the Consumer Product Safety Improvement Act and California's Proposition 65, among others. It also works with international third-party testing agencies such as Intertek, SGS, BV and TÜV SÜD, to regularly carry out tests, which exceeded 300,000 this past year. Pending its investigation, it has removed the products singled out by Greenpeace. "If non-compliance is verified, we will not hesitate to take appropriate follow-up action with the supplier of said product," it said.

This isn't the first time that TikTok's most namedropped brand, which is beloved by Gen Z for its cheap and trendy togs, has been called out for flouting chemical safety rules, however. Last year, a CBC Marketplace investigation found that a toddler jacket and a purse purchased from Shein registered several times the amount of lead that Health Canada says is safe. The following month, environmental charity Green America slated Shein for failing to make public a restricted substance list (RSL), a manufacturing restricted substances list (MRSL) or a time-bound commitment to phase out hazardous substances. Scott Echols, senior director of the Roadmap to Zero Programme at ZDHC, a multi-stakeholder program dedicated to cleaning up fashion supply chains, expressed no surprise at Greenpeace's findings.

"If you don't have sustainable chemicals management standards such as product RSL and MRSL in place, as well as business practices in place to implement those the results are not unexpected," he said. "The same is true if a brand doesn't have quality standards in place such as wash durability and color—the results will not always meet what you expect."

Echols knows what it's like to be the subject of Greenpeace's ire. He was working at Nike in 2011 when the organization released a bombshell report linking brands like Nike, Adidas and Puma with Chinese textile factories that were poisoning waterways with their hazardous discharge. ZDHC—its full name is Zero Discharge of Hazardous Chemicals—arose in part as an industry response to Greenpeace's campaigning.

Controlling chemicals in products can be challenging, he admitted. Most brands don't own their factories; in most cases, they may not even have a direct relationship with the supplier who performs the dyeing and finishing, since this is usually subcontracted by the cut-and-sew factory. But there are tools that brands that are committed to the "journey" can tap into, including those developed by ZDHC.

Companies like Shein, Echols said, can benefit from the hard work already done by brands by joining the ZDHC Roadmap to Zero Programme as a contributor. “The ZDHC mission is to help brands implement sustainable chemicals management standards such as the MRSL and wastewater guidelines in order to stop the use of harmful chemicals at the supplier level,” he added.

Wohlgemuth is urging the EU to enforce its laws, which she said are a “basic requirement” for achieving a circular textiles economy as laid out in its own sustainable textile strategy—the same one that seeks to crack down on disposable fashion. Shein itself cranks out some 6,000 new styles of clothing and shoes a day, adding to the more than 600,000 products that feature on its app and website at any one time, though it also recently delved into resale.

“But the EU’s proposals also need to take on the inhuman system of exploitation and destruction by ultra-fast fashion that should have no place in any industry in the 21st century, by holding companies fully responsible for environmental and social exploitation in their supply chains and the impacts from fashion waste,” she said, adding that such issues need to be “urgently addressed” through a global treaty similar to the United Nations Environment Assembly agreement about plastic pollution currently in the works.

Still, laws can only go so far, said Preeti Arya, an assistant professor at the Fashion Institute of Technology in New York City. This is particularly true in the United States, where a patchwork of uneven regulation at the federal and state levels doesn’t guarantee compliance. Shein, Arya said, needs to take responsibility not just for its bottom line but also for people and the planet.

“We have laws within the country but once production takes place offshore, nothing much applies unless the company itself takes responsibility,” she said. “Shein’s story is nothing new—every fast fashion brand has done the same thing. That’s how they all got rich by treating the laborers poorly and by using cheap products and chemicals. [It’s a] very hefty price the planet and the people have to pay each time a fast fashion company decides to get rich.”

Source: sourcingjournal.com- Nov 29, 2022

HOME

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China: Cotton textile and chemical fiber downstream holiday schedule-to start LNY earlier?

With the multiple outbreaks of epidemic, more textile plants shut down for Chinese Lunar New Year holiday (LNY), and the market has not anticipated any positive signs before the LNY holiday (late Jan, 2023), but when the plants will start the holiday is closely watched. It is still too early for plants to consider the holiday plan with more than 50 days approaching, but part of downstream fabric mills, printing and dyeing plants indeed starts the holiday this year, more in apparel plants. **According to CCFGroup's survey on the cotton textile and chemical fiber downstream plants holiday plan, it is found that fabric mills in polyester industry have shut for LNY successively in Nov, while cotton textile downstream plants have no clear holiday plan, mainly to have periodical holiday under the impact of epidemic or inadequate orders. But to have holiday in advance has become a consensus this year.** The preliminary exposition on cotton textile and chemical fiber downstream plants holiday schedule is showed below, and it may be adjusted later according to the epidemic and market situation.

I. Cotton textile industrial chain operating rate drops gradually, and to start LNY earlier becomes a consensus

Now most cotton yarn and fabric mills reduced and suspended production amid epidemic control and the lack of downstream demand, and the operating rate in different regions was at relatively low level. However, few mills were on Spring Festival holiday since end-Nov, and most mills didn't have clear holiday plans and arrangements. According to current market and epidemic condition, it is more like for mills to give holiday in advance. Downstream print and dyeing mills planned to be on holiday successively since mid-Dec. For instance, dyeing mills in Nantong of Jiangsu will be on holiday no later than mid-Dec. If the suspension of production in dyeing mills will facilitate fabric mills to give holiday waits to be observed. Now there was only nightshift in fabric mills in Nantong, and the overall operating rate reached 30%-40%. The overall operating rate in fabric mills in Lanxi kept at around 40%. The epidemic control in Zhongda market of Guangdong hasn't released, and the orders in fabric mills in Foshan were not good with operating rate reaching less than 20%. The low operating rate in these main fabric mills showed scarce orders. In addition to epidemic control, both rayon fabric mills and cotton fabric mills were pessimistic about future market. The enthusiasm for stocking before New Year was not high, and mills mostly bought for rigid demand. More medium and small-scaled mills are expected to be on Spring Festival holiday since Dec, and the number may gradually increase in mid-Dec and late-Dec.

In comparison with downstream fabric mills and print and dyeing mills, the condition in spinning mills was slightly different.

1) Cotton yarn operating rate of mills in Xinjiang changed little. The transportation and operation in places including Shandong, Henan and Hebei were influenced further deeply by epidemic. The suspension of production in cotton yarn mills increased obviously due to epidemic control and difficult feedstock replenishment. As for the arrangement of Spring Festival holiday, cotton yarn mills didn't have specific plan. However, according to current market situation, cotton yarn mills are firmly expected to give holiday in advance.

2) The expected close time of **polyester yarn mills** is varied. The current situation is as follows:

1. In Shijiazhuang and Jinzhou city in Hebei province, most spinners suspend production due to the epidemic, and the operating rate stays around 20% so far. Whether yarn mills will resume works later or close in advance for the Spring Festival depends on the evolve of the epidemic situation.

2. In Fujian and Jiangxi provinces, polyester yarn mills in main production areas are expected to be shut down until end-December or early-January.

3. In Jiangsu and Zhejiang province, small yarn mills begin to have holidays since November, and the close is supposed to increase in December. While large-scaled polyester yarn mills will shut around end-December or early-January.

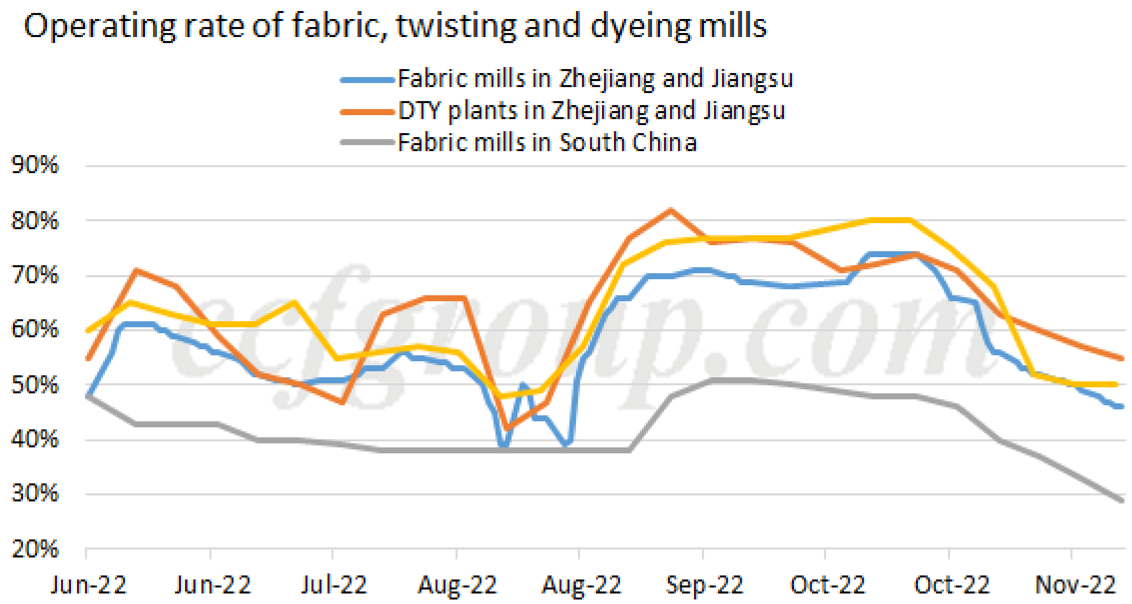
4. In Hanchuan, Hubei, the operation of yarn mills is also affected by COVID, and production cuts and suspensions are witnessed. Yet the detailed close time of local yarn mills still depends on the development of the epidemic circumstances.

3) Currently, no detailed holiday plans are heard among **rayon yarn mills**. Yet, spinners in multiple areas cut production successively due to high losses, weak sales and bearish market outlook. In Wujiang, Jiangsu province, the production of vortex-spun rayon yarn is cut by 10%. In Peixian, Jiangsu, the operation of rayon yarn mills is also disrupted by the epidemic, thus the production is reduced by 20-30%. In Fujian province, spinners generally face high inventory and great losses, thus their production drops by 20%. In Xinjiang province, the current production cut among yarn mills is around 30% given the recent outbreak of Covid-19. In Shandong province, parts of yarn mills were shut for two weeks on account of the poor sales and the epidemic, so the overall production slumps by over 50%. In Zhejiang province, yarn trades also slow down meaningfully, making the production of spinners drops by 10-30%.

II. More chemical fiber downstream plants have confirmed holiday plan, but it may be adjusted later

1) Polyester downstream fabric mills have started holiday, and operating rate drops to below 30%

By now, 30%-40% of fabric and twisting mills in Zhejiang and Jiangsu has shut down for LNY since early Nov, and 20%-30% of the plants is forecast to start in end Dec and early Jan. In South China, the market is obviously under the impact of the epidemic. The loom operating rate has dropped to below 30% currently, and most of plants will draw to a close in mid or late Dec.



2) PET bottle chip downstream holiday plan changes little from previous years

Currently, PET bottle chip downstream plants holiday schedule has no big change compared with previous years. Beverage plants basically have no shutdown before the holiday as the plant scale is large and related to people's livelihood, and most of them have arranged the maintenance in Oct-Nov. Sheet plants may shut intensively around Jan 10-15, earlier around Jan 8-10; most will start one week earlier to have holiday. Part of sheet plants states that if the prices are appropriate, they will replenish and start holiday earlier.

3) Recycled chemical fiber plants have closed successively for holiday, and holiday time is earlier

For recycled chemical fiber plants in Hebei, big plant remains shut under the impact of the epidemic, and if the plant can be restarted, it may insist to year end. In Guangdong, one HC re-PSF plant has closed, and a few plants in Fujian plan to shut in early Dec. Most other plants plan to start holiday in mid or late Dec, and some plants in Jiangyin and Wujiang may be earlier in mid-Dec due to high inventory and lack of feedstock. HC re-PSF plants hope to insist till end Dec and early Jan. Only a few plants can do till mid-Jan.

In conclusion, there is still a long time to go before the LNY, and the holiday plan may be adjusted later according to the epidemic prevention and control and market changes. CCFGroup will continue to see the follow-up changes.

Source: ccfgroup.com- Nov 30, 2022

HOME

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South Africa's apparel imports from Bangladesh to rise this year

South Africa's apparel imports from Bangladesh are set to breach last year's figures as they have already touched $91.724 million in the first three quarters of this year. The imports amounted to $105.578 million last year. Bangladesh's share in South Africa's total apparel imports was merely 6.26 per cent during January to September this year.

South Africa's garment imports from Bangladesh amounted to $73.682 million in 2020, $91.784 million in 2019, $87.979 million in 2018 and $65.345 million in 2017, according to Fibre2Fashion's market insight tool TexPro.

As for the quarterly imports of South Africa from Bangladesh, they were at $31.623 million in Q3 2022, $27.263 million in Q2 2022 and $32.838 million in Q1 2022. The imports were recorded at $26.502 million in Q4 2021, $27.053 million in Q3 2021 and $25.472 million in Q2 2021.

Imports of trousers and shorts were at $29.339 million, constituting 32.67 per cent of the total apparel imports during January-September 2022. The imports of jerseys stood at $21.732 million (24.20 per cent), T-shirts at $14.391 million (16.03 per cent), shirts at $9.275 million (10.33 per cent) and jackets and blazers at $3.541 million (3.94 per cent). Bangladesh was one of the top five apparel suppliers to South Africa, as per TexPro.

Source: fibre2fashion.com- Dec 01, 2022

HOME

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Turkiye's garment exports rise 8.44% in Jan-Oct 2022

Apparel exports from Turkiye increased by 8.44 per cent year-on-year in January-October 2022, according to data from the Turkish Statistical Institute and the country's ministry of trade.

During the first ten months of the current year, Turkiye exported apparel worth $16.378 billion, compared to exports of $15.102 billion during the same period of 2021.

Category-wise, exports of knitted and crocheted clothing and accessories (HS chapter 61) earned $9.250 billion in January-October 2022, registering a growth of 4.6 per cent over $8.843 billion earned during the same months of the previous year.

Exports of non-knitted apparel and accessories (HS chapter 62) were valued at $7.128 billion, showing an increase of 13.9 per cent compared to $6.259 billion exports in January-October 2021.

Meanwhile, Turkiye's imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased by a sharp 51 per cent to $4.266 billion over $2.825 billion in the first ten months of 2021.

In October 2022, the latest month for which the data is available, Turkiye's exports of knitted and crocheted clothing and accessories (HS chapter 61) was affected by the global economic slowdown and low demand.

The exports decreased by 13 per cent year-on-year (YoY) to $0.923 billion. On the other hand, the shipment of non-knitted apparel and accessories (HS chapter 62) also noticed a negative growth of 2.4 per cent in the same month.

Last year, Turkiye's total exports of knitted and crocheted clothing and accessories (HS chapter 61) and non-knitted apparel and accessories (HS chapter 62) were valued at $18.294 billion.

Source: fibre2fashion.com- Dec 01, 2022

HOME

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High fashion growth likely in Middle East, N America in 2023: McKinsey

The war in Ukraine, rising inflation and supply chain pressures are the biggest threats to the fashion industry in the run-up to a challenging year ahead, according to The State of Fashion 2023 report released today by The Business of Fashion (BoF) and McKinsey.

The Middle East and North America are expected to have the highest growth potential in 2023, as executives deprioritise countries like China in the short term. The industry will be buoyed by luxury, with global sales in this category expected to grow up to 10 per cent in 2023, compared to up to 3 per cent for the rest of the industry, the report says.

Fifty-six per cent of fashion executives expect conditions to worsen in 2023, an official press release issued by the two companies said. The fashion industry recorded a strong recovery emerging from the pandemic. Global industry revenue in 2021 grew by 21 per cent year on year and continued to climb in the first half of 2022, with revenue increasing 13 per cent.

However, a number of unprecedented challenges chipped away at any gains and slowed progress as the year progressed. Eighty-five per cent of fashion executives predict inflation will continue to be a challenge next year and 58 per cent believe the energy crisis will continue to weaken the market.

While the report predicts an overall slowdown for the industry, there are some opportunities. Sales of luxury fashion are expected to grow globally between 5 per cent and 10 per cent in 2023, compared to between minus 2 per cent and 3 per cent for the rest of the industry.

Fashion companies overall have been able to build robust foundations in 2021 and in the first half of 2022 to help them weather the storm. The proportion of 'value destroying' companies—those generating negative economic profit—is now at its lowest since 2013.

Source: fibre2fashion.com- Nov 30, 2022

HOME

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Vietnam bags foreign investment over $25 bn in 11 months: FIA

Vietnam secured foreign investment worth $25.1 billion during January-November, 2022 as per the Foreign Investment Agency (FIA). Singapore emerged as the country's top foreign investor ($5.78 billion/ 23 per cent) followed by Japan ($4.6 billion/ 13 per cent) and South Korea ($4.1 billion/ 16.4 per cent). The investment saw a 0.5 per cent month-on-month (MoM) rise but a 5 per cent year-on-year (YoY) decline.

During the first 11 months of 2022, new foreign capital registered in Vietnam showed an annual decline of 18 per cent to $11.5 billion. Capital contributions and share purchases also went down by 7 per cent YoY to almost $4.08 billion.

Harsh COVID-19 preventive measures in early 2022 and global uncertainties such as inflationary pressures, supply chain disruptions, and geopolitical conflicts were found to be reasons for the drop in registered capital by the FIA, according to several Vietnamese media reports.

The growth momentum of the adjusted capital helped in winning the confidence of foreign investors in the Vietnamese economy. This led them to put in more capital to their current projects in Vietnam. Also, adjusted capital rose by 23.3 per cent YoY to $9.54 billion during the period. Disbursed capital also grew by 15 per cent this time, totalling $19.68 billion.

Source: fibre2fashion.com- Nov 30, 2022

HOME

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Bangladesh: RMG orders picking up as US retail sales spike

The restoration of buoyancy in US markets has led to a strong rebound in work orders from international apparel retailers and brands, providing much-needed relief to garment makers in Bangladesh following a lean season.

"While consumers feel the pressure of inflation and higher prices and there is continued stratification with consumer spending and behaviour among households at different income levels, consumers remain resilient and continue to engage in commerce," said National Retail Federation (NRF) President and CEO Matthew

A forecast by the NRF in October said holiday sales in the US during November and December are expected to rise up to 8 per cent to as much as $960 billion.

US consumer prices rose less than expected in October, sending the annual increase below 8 per cent for the first time in eight months, the strongest signs yet that inflation was slowing, reports Reuters early this month.

The consumer price index rose 0.4 per cent last month after climbing by the same margin in September. Economists polled by Reuters had forecast the CPI would advance by 0.6 per cent.

Kutubuddin Ahmed, chairman of Envoy Textiles, an apparel exporter, said work orders have started coming back slowly. As such, the stock leftover from last season is decreasing rapidly with the beginning of Christmas sales in the western world.

The warehouses of major retailers and brands were full of old inventory, but the recent cooling of inflationary pressure in the US has led to a climb in sales.

"Fortunately, it seems the inflow of work orders will continue to grow gradually as western people missed three consecutive Christmas amid the Covid-19 pandemic," Ahmed said.

"My assessment is that this Christmas will see a massive sale."

The inflow of orders in Bangladesh was low over the last three months as international buyers were sitting on old unsold garment items due to severe fallouts of the Russia-Ukraine war, which began in February.

AK Azad, chairman and CEO of Ha-Meem Group, another garment exporter, said this year's Thanksgiving sales were not as high as expected.

"So, it is predicted that the consumers' response in the upcoming Christmas may also not be as upbeat as projected."

"This means the inflow of orders from international retailers and brands may not pick up until August next year."

Bangladesh has received nearly 20 per cent fewer orders so far this year compared to the same season last year, he added.

MA Jabbar, managing director of DBL Group, says it is true that orders are picking up gradually both in European and US markets but prices are not increasing.

"A lot of work orders are also shifting from China to Bangladesh."

Apparel shipments were slow in the last three months as consumers in the western world witnessed higher inflation due to the Russia-Ukraine war. But with the easing of consumer prices, consumers have started to spend again.

Jabbar said local spinners are selling yarns at 20 per cent lower prices to get rid of their old stocks.

It is expected that the domestic sales of yarn will pick up because of the rising demand for apparel items.

Md Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), says a lot of enquiries are coming from international buyers for the next spring season, which begins in March, not work orders.

Faruque Hassan, president of the BGMEA, said: "Orders are not coming in a big way like we received in February and March, but it is picking up gradually."

"Only some factories are getting a lot of orders in specific product categories."

Since the troubled European market is becoming more volatile due to the war, local exporters have started focusing on the Asian and the Middle Eastern markets, Hassan added.

Source: thedailystar.net- Nov 30, 2022

HOME

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Sri Lanka's fabric manufacturer sees opporutunity for thicker textiles in Western markets

Sri Lanka Hayleys fabrics sees more opportunity in Europe and Western markets for thicker , with energy consumption expected to reduce in those markets due to an energy crisis after the Ukraine Russia war, officials at Hayleys fabrics said. Dinusha Somasiri. Head of Innovation & product development at Hayleys, said, due to the energy consumption reduction in the European countries, the customers of have requested thicker fiber to cope with the cold.

"They have asked us to produce thicker fabric to make the winter clothing," Somasiri told EconomyNext. "Due to the energy use reduction, they have to now reduce the use of in-house heaters. So at the moment that is a market we have more opportunity". He also said, the firm is also focused on designing and manufacturing high tech sportswear as well. "The sports world need more water absorbing and heat resisting clothes, and that is another trend we are seeing growing at the moment" Somasiri said.

Europe is in an energy crisis and a recession after the Ukraine and Russia war, with deliberate reduction of gas supplies by Russia is the main cause of the recent skyrocketing gas prices in the EU, which have impacted the price of electricity produced in gas-fired power plants and affected electricity prices overall. Due to the energy crisis, the Europe Union has taken measures reduce electricity by 10 percent by the end of 2023, and asks the European countries to take reduction measures in their countries respectively.

With the energy consumption being reduced, the EU has warned the countries to be prepared to withstand a harder winter season where the energy consumption usually goes high.

Hayleys Fabrics currently earns a 150 million USD per annum and produces around 17,326 metric tons of fabrics per year after acquiring South Asia Textiles Limited on 22nd April 2021.

Source: economynext.com- Nov 30, 2022

HOME

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Vietnam, UK should exploit untapped potential of UKVFTA: Top official

Vietnam and the United Kingdom should exploit the untapped potential of the UK-Vietnam Free Trade Agreement (UKVFTA) to expand bilateral trade ties, according to Ngo Chung Khanh, deputy director general of the multilateral trade policy department under the Vietnamese ministry of industry and trade (MoIT).

The United Kingdom is turning a supplier of high-value raw materials and technology for Vietnamese businesses, helping them fully tap the benefits of the UKVFTA, Khanh said.

Despite problems induced by the pandemic, two-way trade has grown in double digits. Vietnam's export to the UK market increased by 15.4 per cent, which is an evidence of the benefits the UKVFTA brings to both sides, Khanh was quoted as saying by a Vietnamese media report.

Key products Vietnam exports to the United Kingdom include textiles, footwear, coffee, pepper, rubber and vegetables, and export of these items has shown remarkable growth, with the figure for some items even rising by nearly 100 per cent.

For example, the increase in fabric import turnover from the United Kingdom shows that some Vietnamese enterprises have used imported fabric to produce items meeting rules of origin.

Source: fibre2fashion.com- Nov 30, 2022

HOME

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NATIONAL NEWS

India and Australia exchange written notifications; Ind-AUS ECTA to enter into force on 29 December 2022

Post signing of India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA) on 2 April 2022 and completion of the ratification processes and the necessary domestic requirements, including internal legal procedures, India and Australia has exchanged written notifications.

The Agreement will enter into force 30 days after this exchange of written notification between India and Australia in accordance with Article 14.7 of the Agreement. Accordingly, the Agreement will come into effect from 29 December 2022.

The India-Australia ECTA and the provisions thereof which has been arrived at after extensive consultations with all relevant stakeholders, will further cement the already deep, close and strategic relations between the two countries and will significantly enhance bilateral trade in goods and services, create new employment opportunities, raise living standards, and improve the general welfare of the peoples of the two countries.

Industries, businesses, students, professionals etc in both the sides are eager to avail the opportunities arising through this agreement. It will also promote people to people contact between the two democracies.

Duties on 100 percent tariff lines are to be eliminated by Australia under the agreement. It is expected that with this agreement, the total bilateral trade will cross US$ 45-50 bn in 5 years from existing US$ 31 bn.

Both the countries are complementarities in its trade opportunities. Hence it will help in resilient supply chain wherein cheaper raw materials and intermediate products from Australia will be made available to make our finished product competitive.

It is estimated that an additional 10 lakh jobs would be created in India under ECTA. Indian Yoga teachers and chefs are set to gain with the annual visa quota.

Over 1 lakh Indian students would benefit from post-study work visa (1.5-4 years) under the ECTA. The agreement is also likely to increase investment opportunities, promote exports, create significant additional employment and facilitate strong bonding between the two countries.

Australia is an important strategic partner of India. They are also part of the four nation QUAD, Trilateral Supply Chain Initiative and the Indo-Pacific Economic Forum (IPEF).

ECTA will open a new chapter on India-Australia Comprehensive Economic Partnership between two vibrant economies with shared interest and trade complementarities.

The Agreement encompasses cooperation across the entire gamut of bilateral economic and commercial relations between the two friendly countries.

Source: pib.gov.in- Nov 30, 2022

HOME

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India – A 1 trillion manufacturing export market by 2030

Exports have seen tremendous growth over the last two years. India has reached $418 billion of manufacturing exports in the fiscal year 2022 (FY22) with rapid growth over the last 2 years. Though India contributes 3.1% of GDP, our export contribution to the world has been a mere 1.6% only and looking at the current opportunities, it has immense scope, potential and triggers to grow. By 2028, it is expected that India will reach 1 trillion of manufacturing exports. Manufacturing's share of GDP in India is estimated to increase from 15.6% currently to 21% by 2031—and, in the process, double India's export market share.

The government also launched an interest equalisation scheme to make credit available for cheaper exporters in India.

Merchandise Exports: - Over the last nine years, merchandise exports from India have hovered around $260-330 billion, with the highest ever being $330 billion in 2018-19. The government has set up a target of $1 trillion in 2027-28 for merchandise exports and $500 billion in exports in the next two years.

Indian exports majorly included: Pearls, precious and semi-precious stones and jewellery (16 per cent of total shipments); mineral fuels, oils and waxes and bituminous substances (12 per cent); vehicles, parts and accessories (5 per cent); nuclear reactors, boilers, machinery and mechanical appliances (5 per cent); pharmaceutical products (5 per cent); and organic chemicals (4 per cent). India's main export partners are: the United States (15 per cent of the total exports), United Arab Emirates (11 per cent), Hong Kong (5 per cent), China (4 per cent), Singapore (4 per cent) and the United Kingdom (3 per cent).

The prominent factors that are driving and supporting this growth are as follows: -

1. PLI scheme - India is all set to emerge as the fastest-growing economy in the world backed by the success of the government's Production-Linked Incentive (PLI) Scheme. The Scheme involves incentives of Rs. 1.97 lakh crore over a period of five years and covers 13 sectors such as telecom, electronics, auto parts, advanced batteries, pharmaceutical drugs, and solar energy components. It was also in tune with the government's Aatmanirbhar Bharat campaign, as it is expected that the PLI Scheme will

improve local manufacturing. The PLI scheme is expected to bring in incremental investment of Rs. 7,920 crores, incremental production worth ₹1,68,000 crores, exports worth Rs. 64,400 crores, and earn direct and indirect revenues of Rs. 49,300 crores. Proposals worth nearly Rs. 6,000 crores are already with the government. Simultaneously, it is expected to boost India's export sector.

2. Acquisitions abroad: - Joint venture undertakings are established abroad by Indian entrepreneurs for building up an export potential for their products manufactured through foreign collaboration in developing countries where there is a favourable political climate and a demand for Indian products.

3. Foreign Direct Investment (FDI): -India reported its highest-ever annual FDI Inflow of US$ 81.97 billion last fiscal. A total of 863 Investment Projects are under active consideration with an investment of $121 Billion including 272 soon-to-take-off proposals worth $41 Bn. The government has taken various steps to boost domestic and foreign investments in India. These include reduction in Corporate Tax Rates, easing liquidity problems of NBFCs and Banks, improving Ease of Doing Business, FDI Policy reforms, Reduction in Compliance Burden, policy measures to boost domestic manufacturing through Public Procurement Orders, Phased Manufacturing Programme (PMP), Schemes for Production Linked Incentives (PLI) of various Ministries.

4. Knowledge based and trust protected sectoral growth: - India has sectoral advantages in Pharma, Chemicals, Industrial Machinery, Electronics, Automobile, and Textiles sectors. India is among the top four destinations for the relocation of American companies.

5. Sourcing diversification away from China: - Rampant global consumer goods demand and an acceleration in sourcing shifts away from China during the COVID-19 pandemic has boosted trade between India and other countries to record highs. The upswing was driven in large part by US imports from India, which accounted for about two-thirds of the 1.16 million TEU transported between the two countries in the first half. China continues to be the world's largest production hub, but tariff conflicts, stop-and-start economic pressures from Beijing's zero-COVID policy, and soaring labour costs are slowly chipping away at the country's dominant market position. Improvements in industrial productivity thanks to automation and worker training have also helped bring down

manufacturing costs in India, particularly for "labour-intensive" consumer products.

6. Capex cycle: - Bank loan growth at over 17 per cent is at its highest since 2013; IIP data suggested that capital goods are growing strongly at 16.8 per cent, crossing pre-COVID levels. Private sector Capex has seen an uptick in FY22 and is expected to be elevated in FY23 and FY24. Increased demand visibility diversifying global supply chains, foray into newer products and healthier balance sheets are some of the key factors that are encouraging various domestic industries to add newer capacities. The estimated total Capex from FY22 to FY24 amounts to approximately ₹10 lakh crore, the highest in any 3 years stretch so far. Growth and high-capacity utilisations, projected next five years CAPEX is six times higher than last five years.

7. MAKE IN INDIA: - Make in India' was launched on September 25, 2014, to facilitate investment, foster innovation, building best in class infrastructure, and making India a hub for manufacturing, design, and innovation. It was one of the first 'Vocal for Local' initiatives that exposed India's manufacturing domain to the world. The sector has the potential to not only take economic growth to a higher trajectory but also to provide employment to a large pool of our young labour force.

Top Sectors contributing to India`s Exports market

Engineering goods registered a 50 per cent growth in exports, at $101 bn in FY22. This is mainly due to the benefits that the sector enjoys due to various trade agreements India has with other countries. It is expected to continue its rise in steel, auto components and medical devices and India's push for Make in India. Currently, all pumps, tools, carbides, air compressors, engines, and generators manufacturing MNC companies in India are trading at all-time highs with increased prospects of shifting increased production to India.

High energy prices and labour costs In Europe can trigger this further. Also, many MNC groups have taken over some of the Indian companies and promoter change with a cash-rich and global footprint can make these companies into global giants in the coming decade. Specifically, auto components, power tools, energy, and tractors to name a few.

Petroleum Products: - Contributed in a major way to India's exports, with crude oil prices rising due to the pandemic and made worse by geopolitical tensions due to the Ukraine war. India exports $55.5 bn worth of petroleum products, a massive rise of 150 per cent over last year.

Jewellery: - Made up $35.3 billion of India's exports in FY22. With the reduction of import duty on cut and polished diamonds in this year's budget, this is only going to rise. The Emergency Credit Line Guarantee Scheme (ECLGS) launched by the government as a response to Covid-19 for MSMEs will also help businesses in this sector. Ninety per cent of the gems and jewellery sector comprises of the MSMEs. Our largest exports are to the USA, China and UAE followed by UK, Germany, Singapore, Netherlands and many more.

Agriculture exports were buoyed by the government's push to meet global demand for food amid the pandemic. India exports rice worth $9.65 bn, the highest among agricultural commodities. Wheat exports also saw a 288 per cent rise, while dairy products.

Textile and apparels: - India’s textile and apparel exports (including handicrafts) stood at US$ 44.4 billion in FY22, a 41% increase on a YoY basis. Exports of readymade garments including cotton accessories stood at US$ 6.19 billion in FY22. Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030. Production-linked Incentive (PLI) Scheme worth Rs. 10,683 crore (US$ 1.44 billion) have been announced for manmade fibre and technical textiles over a five-year period.

The government introduced various schemes such as the Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS) and Mega Integrated Textile Region and Apparel (MITRA) Park scheme. India’s textile and apparel exports to the US, its single largest market, stood at 27% of the total export value in FY22. Exports of readymade garments including cotton accessories stood at US$ 6.19 billion in FY22.

Amazon India signed an MoU with the Manipur Handloom & Handicrafts Development Corporation Limited (MHHDCL). Sustainable Textiles for Sustainable Development (SusTex) project by the United Nations Climate Change will increase artisans’ engagement from Asia and especially India in the coming decade. Rs. 1,000 crores have been spent by the

Government on R&D of technical textiles. Overall Indian textiles market is expected to be worth more than US$ 209 billion by 2029.

Automobile

Machinery/Engineering goods registered a 50 per cent growth in exports, at $101 bn in FY22. This is mainly due to the benefits that the sector enjoys due to various trade agreements India has with other countries. the incentive provided by the government to the auto sector is nearly Rs. 26,000 crores. These incentives will help domestic as well as foreign investors to expand their manufacturing capacity inside the country. The Rs. 26,000 crores approved for the auto sector mainly focuses on electrical vehicle segments.

Chemicals

India exports inorganic and organic chemicals, tanning and dyes, agrochemicals, plastics, synthetic rubber, filaments, etc. In FY 2022-23 (until August 2022), exports of chemicals and petroleum products stood at US$ 8.24 billion. In FY 2021-22, India's total chemicals products exports were valued at US$ 24,313.88 million, an increase of 38.67% YoY. The export growth of chemicals has been achieved because of a surge in shipments of organic, inorganic chemicals, agrochemicals, dyes and dye intermediates and specialty chemicals. In September 2022, the organic and inorganic chemical exports of the country were valued at US$ 2,332.92 million. China is a major importer of dyes, dye intermediates and organic chemicals from India. USA remained the largest importer of essential oils, inorganic chemicals while Brazil was the top importer of agrochemicals from India

Pharmaceuticals: - It is the largest provider of generic medicines globally. The country has a share of 20% in the global supply volume and contributes to around 60% of the global vaccines. Key segments of the Indian pharmaceutical industry are OTC medicines, Generics, APIs, Vaccines, Biosimilars, and Custom Research Manufacturing (CRM). Formulations and Biologics constituted the major portion of India's exports with a share of 73.31% followed by drug intermediates and bulk drugs. During 2021-22, the country exported pharma products worth US$ 24.62 billion. The USA, the UK and Russia are among the largest importers from India at a share of 29%, 3% and 2.4%, respectively during 2021-22. The Strengthening of Pharmaceutical Industry (SPI) scheme focuses on bolstering the existing infrastructure facility, with a total financial outlay of Rs. 500 crore (US$ 64.5 million).

Iron and steel

As of April 2022, India was the world's second-largest producer of crude steel, with an output of 10.14 MT. The growth in the Indian steel sector has been driven by the domestic availability of raw materials such as iron ore and cost-effective labour. The Indian steel industry is modern, with state-of-the-art steel mills. It has always strived for continuous modernisation of older plants and up-gradation to higher energy efficiency levels. The capacity for producing steel has grown concurrently, and the rise has been largely organic. In FY22, exports and imports of finished steel stood at 13.49 MT and 4.67 MT, respectively. In FY22, India's export rose by 25.1% YoY, compared with 2021. In FY21, India exported 9.49 MT of finished steel. In July 2022 exports of finished steel stood at 3.80 lakh MT.

Electronics Value

NPE 2019 targets for electronics production in 2025-26 at US$ 300 billion appear to be more realistic considering the disruption on account of COVID-19. Continuing on the path of import substitution, India’s domestic electronics market is estimated to reach at best US$ 150-180 billion from the current US$65 billion over the next 4-5 years. The hearables and wearables market are estimated to have overall production of ~US$ 8 billion by 2024, if large scale hearables manufacturing could be aimed to address 10% of the Global market by 2024.

Average contribution of PCBA to the Bill of Materials (BoM) is at around 40% and presents a US$600 billion global PCBA market. India’s prominent listed players can make difference in each such segment’s exports. India is seen as Country that respects patents, designs IP rights and ODM practices.

Aim and mission is US$ 120 billion Electronics Exports by 2026 with Electronics as top3 Category. As per Union Budget economy survey of 2019 Assemble in India for the world into Make in India, India can raise its export market share to about 3.5 per cent by 2025 and 6 per cent by 2030. This looks highly feasible.

Estimated exports segment wise:

Conclusion

At present, our exports are about 20 per cent of the GDP. Considering the size of our economy, our potential, and the base of our manufacturing and service industry, it has the potential to grow a lot. India needs to have a seamless and high-quality supply chain and low-cost logistics to boost exports. Gatishakti and logistic parks can play a huge role in this along with railway transformations in our view.

Challenges are still there and in 2023 we may see slower growth as the base is high in 2022. More than 45% of the manufacturing output is obtained from the MSME sector in India. Hence more connectivity of MSME to the globe is extremely need of hour. Bonded warehouses were one such initiative by CBIC. New fields like space and exports can increase the Indian share of the global exports pie by 2026. Estimates have suggested annual defence exports of ₹35,000 crore by the end of FY 2025.

The key reasons for stellar export performance are sharp recovery in key markets, increased consumer spending, accumulated savings and disposable income due to the announcement of fiscal stimulus by major economies, global commodity price rise, and an aggressive export push by the government. The United States of America (USA) remained the top export destination, followed by United Arab Emirates (UAE) and China.
As investors, we should focus on individual robust companies in these categories which will reap most of benefits of efficiently managing their margins during such megatrends.

Source: livemint.com- Nov 30, 2022

HOME

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Exporters hopeful of greater business with Russia as rupee trade mechanism firms up

Exporters are hopeful of greater business with sanction-hit Russia as India's rupee-trade with the country is set to gain momentum with the banking mechanism now falling in place.

"Action is finally taking place on the banking front. UCO Bank, which got RBI approval in October, opened Gazprombank's vostro account just a few days ago and is ready for business.

Even after the RBI gives its approval, it takes time for those banks to approach partner banks and get other related approvals. Now that it has finally happened, UCO Bank and Gazprom can start rupee trade full-fledged and exporters from India can start using the platform. Hopefully payments for oil purchased from Russia can be made in rupee now," a source tracking the matter told businessline.

Problems solved

While Russia's Sberbank and VTB have already opened accounts with their own branch offices in India, there were teething problems that are being sorted out. "Sberbank has now agreed not to charge a 4 per cent premium for settling trade in rupee," pointed out EEPC Chairman Arun Garodia. Sberbank may also be ready to discount the documents of Indian exporters in rupee.

"We will now get in touch with engineering goods exporters to discuss how they can start using the banking platform to carry out exports in rupee," he said.

Nod for banks

The RBI has also given its approval recently to HDFC Bank and Canara Bank to open vostro accounts of Russian banks and with some time, these would also start operations, pointed out Ajay Sahai, Director General, FIEO. IndusInd Bank has also got approval to open six vostro accounts.

"There is a lot of interest from Russia to import from India and they have been sending us various list of items they want to buy. Now that the banking mechanism is taking shape, India's exports to Russia will surely rise," Sahai said.

Russia was the target of various economic and banking sanctions from the West, including the EU and the US, following its attack on Ukraine in February this year. Russian banks have been banned from using the SWIFT messaging system that effectively stopped them from participating in international trade.

The RBI, in July this year, allowed international trade in rupees creating the possibility of doing business with Russia in rupees and bypass the sanctions imposed by the West.

Russia, which is facing a shortage of items due to the West's sanctions including auto parts, buttons, bleaching agents, refrigerator parts and several industrial equipment, is also keen to buy more from India.

India's imports from Russia increased 410 per cent to over $21 billion in the first six months of this fisca due to a sharp increase in imports of crude and fertiliser, which has led to a trade gap of about $20 billion that could be bridged as Indian exports rise.

The rupee trade mechanism will allow India to pay for Russian oil and fertilisers in rupee which can be then used by Russian companies to pay for their imports from India.

Source: thehindubusinessline.com- Nov 30, 2022

HOME

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Today, India commences its G20 presidency

The previous 17 presidencies of the G20 delivered significant results — ensuring macro-economic stability, rationalising international taxation, and relieving the debt burden on countries, among many other outcomes. We will benefit from these achievements, and build further upon them.

However, as India assumes this important mantle, I ask myself — can the G20 go further still? Can we catalyse a fundamental mindset shift, to benefit humanity as a whole? I believe we can.

Our mindsets are shaped by our circumstances. Through all of history, humanity lived in scarcity. We fought for limited resources, because our survival depended on denying them to others. Confrontation and competition — between ideas, ideologies and identities — became the norm.

Unfortunately, we remain trapped in the same zero-sum mindset even today. We see it when countries fight over territory or resources. We see it when supplies of essential goods are weaponised. We see it when vaccines are hoarded by a few, even as billions remain vulnerable.

Some may argue that confrontation and greed are just human nature. I disagree. If humans were inherently selfish, what would explain the lasting appeal of so many spiritual traditions that advocate the fundamental oneness of us all?

One such tradition, popular in India, sees all living beings, and even inanimate things, as composed of the same five basic elements —the panch tatva of earth, water, fire, air, and space. Harmony among these elements — within us and between us — is essential for our physical, social and environmental well-being.

India's G20 presidency will work to promote this universal sense of oneness. Hence our theme — "One Earth, One Family, One Future".

This is not just a slogan. It takes into account recent changes in human circumstances, which we have collectively failed to appreciate.

Today, we have the means to produce enough to meet the basic needs of all people in the world.

Today, we do not need to fight for our survival —our era need not be one of war. Indeed, it must not be one!

Today, the greatest challenges we face — climate change, terrorism, and pandemics — can be solved not by fighting each other, but only by acting together.

Fortunately, today's technology also gives us the means to address problems on a humanity-wide scale. The massive virtual worlds that we inhabit today demonstrate the scalability of digital technologies.

Housing one-sixth of humanity, and with its immense diversity of languages, religions, customs, and beliefs, India is a microcosm of the world.

With the oldest-known traditions of collective decision-making, India contributes to the foundational DNA of democracy. As the mother of democracy, India's national consensus is forged not by diktat, but by blending millions of free voices into one harmonious melody.

Today, India is the fastest-growing large economy. Our citizen-centric governance model takes care of even our most marginalised citizens, while nurturing the creative genius of our talented youth.

We have tried to make national development not an exercise in top-down governance, but rather a citizen-led "people's movement".

We have leveraged technology to create digital public goods that are open, inclusive, and inter-operable. These have delivered revolutionary progress in fields as varied as social protection, financial inclusion, and electronic payments.

For all these reasons, India's experiences can provide insights on possible global solutions.

During our G20 presidency, we shall present India's experiences, learnings, and models as possible templates for others, particularly the developing world.

Our G20 priorities will be shaped in consultation with not just our G20 partners, but also our fellow travellers in the global South, whose voice often goes unheard.

Our priorities will focus on healing our "One Earth", creating harmony within our "One Family" and giving hope for our "One Future".

For healing our planet, we will encourage sustainable and environment-friendly lifestyles, based on India's tradition of trusteeship towards nature.

For promoting harmony within the human family, we will seek to depoliticise the global supply of food, fertilisers, and medical products, so that geo-political tensions do not lead to humanitarian crises. As in our own families, those whose needs are the greatest must always be our first concern.

For imbuing hope in our future generations, we will encourage an honest conversation among the most powerful countries — on mitigating risks posed by weapons of mass destruction and enhancing global security.

India's G20 agenda will be inclusive, ambitious, action-oriented, and decisive.

Let us join together to make India's G20 presidency a presidency of healing, harmony and hope.

Let us work together to shape a new paradigm — of human-centric globalisation.

Source: business-standard.com- Dec 01, 2022

HOME

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Q2 GDP growth slows to 6.3%; Centre hopeful of 6.8-7% growth for full fiscal

The Indian economy slowed down in the September quarter (Q2 FY23) as the GDP growth rate dropped to 6.3 per cent from 8.4 per cent in the year-ago period. Growth in the June quarter (Q1) was at 13.5 per cent.

Despite the drop in Q2, Chief Economic Advisor V Anantha Nageswaran said he was confident of the economy delivering a 6.8-7 per cent growth this fiscal, driven by domestic demand. "Domestic inflation is expected to ease further on the back of softening global commodity prices and expectations of a good rabi crop. Corporate earnings' outlook is to improve as price pressures moderate and supply chain improves," said the CEA. However, he cautioned that the financial conditions in developed economies remain a near-term risk.

Downside risks

Three factors seem to be lowering growth — waning favourable base impact, pressure on domestic and global demand and higher inflation. Although there was an apprehension that the growth rate will further slow down in the remaining two quarters, various agencies still estimated growth rate to at 6.5-7 per cent for the full fiscal.

Swati Arora, Economist with HDFC Bank, said Q2 GDP growth was largely supported by contact-intensive services while the manufacturing sector was a drag. "GDP is expected to grow by 6.8 per cent in FY23 with downside risks emanating from a slowdown in global growth and tightening financial conditions," she said.

According to Rajani Sinha, Chief Economist, CareEdge, the most critical aspect will be a further pick-up in the domestic demand as the external environment continues to remain challenging.

The pick-up in private capex cycle will be contingent on continued improvement in the domestic demand scenario. The fall in global commodity prices should provide comfort to the manufacturing sector in the coming quarters. "We expect GDP to grow at 6.9 per cent for the full fiscal year," she said.

Fiscal deficit

Fiscal deficit during the April-October 2022 period touched 46 per cent of the Budget estimate (BE) as against 36 per cent in the year-ago period. Experts say though the deficit is expected to exceed BE in value terms, it is unlikely to exceed in percentage terms. The government had targeted to limit the deficit to over ₹16.61-lakh crore or 6.4 per cent of the GDP in this year's Budget.

Aditi Nayar, Chief Economist with ICRA, said based on the available trends, gross tax revenues in FY23 is expected to exceed BE by a considerable ₹3.1-lakh crore while expenditure is likely to go up by up to ₹3-lakh crore.

"Taking into account the estimated additional expenditure likely in FY23, we estimate the extent of the overshoot in the fiscal deficit at a modest ₹1-lakh crore, given the considerable upside seen in non-excise tax revenues as well as savings expected under other expenditure heads.

The fiscal deficit in FY23 is unlikely to exceed the budgeted 6.4 per cent of GDP, on a higher nominal GDP (ICRA expectation: +15 per cent) compared to what was indicated in the Budget (+9.1 per cent)," she said.

Source: thehindubusinessline.com- Nov 30, 2022

HOME

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Core industries' output dips to 20-month low of 0.1% in October

Pulled down by high base effect and some slowdown in infrastructure, India's core sector grew to a 20-month low of 0.1 per cent in October 2022, substantially lower than the 8.7 per cent output growth recorded in October last year.

In September, the eight core industries had recorded 7.8 per cent growth, coming back on track after a two-month dip. Only two sectors — crude oil and natural gas — had recorded contraction in output during that month.

For the month under under review, four of the eight core industries — crude oil (-2.2 per cent), natural gas (-4.2 per cent); refinery products (-3.1 per cent); and cement (-4.3 per cent) — remained in the contraction zone. On the other hand, output growth was registered in coal (3.6 per cent); fertilisers (5.4 per cent); steel (4 per cent); and electricity (0.4 per cent) sectors during the month.

Meanwhile, the Commerce and Industry Ministry said the cumulative growth during April-October 2022 stood at 8.2 per cent as compared to 15.6 per cent in the year-ago period.

The final growth rate of the index of eight core industries for July 2022 has been revised to 4.8 per cent from 4.5 per cent earlier. The eight core industries comprise 40.27 per cent of the weight of items included in the index of industrial production (IIP).

High base effect

Madan Sabnavis, Chief Economist, Bank of Baroda, said while this is a sign of weakening activity, the high base effect has also had a role to play as growth was 8.7 per cent last year.

"Hence, given that growth last year had moderated from November onwards, we may expect a better performance from the core sector. Given a weight of around 40 per cent in IIP, we could expect growth in industrial production to also be low at 2-3 per cent (provided consumer goods show a revival)," he said.

On the whole, the performance has been ordinary and does not signal strong recovery in the months to come though the number will improve for sure, according to Sabnavis. “Cumulative growth of 8.2 per cent does not reflect the strength of the core sector and can be interpreted as being more stable. Future prospects will be driven by how infrastructure activity picks up,” he said.

November expectation

Sunil Kumar Sinha, Principal Economist, India Ratings, and Paras Jasrai, Analyst, said: “While crude oil and natural gas output have declined consecutively for five and four months respectively, the output in refinery products and cement sectors contracted for the first time after a gap of 18 and 20 months, respectively.”

The spell of unseasonal rains in October may have impacted the cement and electricity sectors. Even the momentum (m-o-m seasonally-adjusted growth), turned negative as the core sector output in October came in 2.2 per cent lower than September. This points toward the fragility of the ongoing recovery, they added.

The dismal y-o-y growth means industrial output growth would also be lacklustre and could be under 3 per cent in October (as the weight of core sector in IIP stands at 40.2 per cent), according to India Ratings.

“With the sustained capex support from States and the Centre, the output in steel and cement sectors is expected to do well in the coming months. All in all, Ind-Ra expects the core sector to grow at around 7 per cent y-o-y in November,” Sinha said.

Source: thehindubusinessline.com- Nov 30, 2022

HOME

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Shipping industry digitisation: Govt pitches for time-bound action plans, adoption of maritime 'single window system'

The government has pitched for time-bound action plans and adoption of a maritime 'single window system' as part of digitisation of the shipping industry.

Speaking during the ongoing 128th Session of the Council of International Maritime Organisation being held in London, Ports, Shipping and Waterways secretary Sanjeev Ranjan said time-bound action plans for digitisation should be part of the International Maritime Organisation (IMO) strategic directions.

"India supports UAE's proposal to include the element of digitization in the next Strategic Plan as well as the adoption of a maritime single window system as a part of the digitization initiative, since it will help in resolving the regulatory bottlenecks faced in the maritime industry.

"Time bound action plans for digitization should be part of the IMO strategic directions," Ranjan said.

IMO is working to make certain that shipping can adopt the digital revolution - while ensuring safety, boosting environmental protection and managing cyber security risks, the Ministry of Ports, Shipping and Waterways said in a statement.

Cooperation between all relevant stakeholders, from shipping, ports and logistics, will be key to drive the digitalisation of shipping, enhance its efficiency and sustainability, and therefore facilitating trade and fostering economic prosperity, it said.

The secretary highlighted India's statement at COP 27 that the journey towards a planet safe for humanity is a collective journey to be undertaken with equity with climate justice as our guiding principles.

Source: economictimes.com- Nov 30, 2022

HOME

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Punjab mandis see slowest cotton arrival in five years

Two months after the purchase of raw cotton began in October, the arrival of the cash crop in Punjab this season has seen a drop by more than four times than in 2021 when more than 9 lakh quintals arrived in the market by November 30.

Analysis of Punjab Mandi Board data says the key kharif crop has seen the slowest arrival in the last five years even as the average rate is the highest since 2018.

The ‘white gold’ crop is considered the economic lifeline for the semi-arid region of Punjab. Indian Cotton Association Limited (ICAL), a body dealing in the export, spinning, ginning of cotton, opines that after widespread damage to the cotton crop, Punjab is expected to have produced 4 lakh bales or 20 lakh quintals against 29 lakh quintals produced in the 2021-22 kharif season.

Industry watchers say farmers may be holding back the crop hoping to get higher rates for their lesser production of cotton.

But the arrival trend has left the experts worried as the kharif crop saw poor yield for the second consecutive season this year.

Punjab Agriculture University’s (PAU) principal agricultural economist GS Romana says on Wednesday the government should rope in the experts to chalk out a programme to ensure farmers do not move away from cotton in the next kharif season.

“It will be a relief if Punjab’s cotton production touches 4 lakh bales this time. Last year, pest infestation hit the crop whereas this time besides the pest attacks, cotton was badly affected by the dried season, prolonged non-availability of canal water and waterlogging due to incessant rain in monsoon. Unable to bear financial losses, more farmers are likely to switch over to paddy cultivation in the next kharif season as cotton crop became too risky,” he added.

Mandi board data say by November 30, 2.22 lakh quintals of raw cotton arrived in all seven districts of the Malwa belt.

State cotton coordinator Rajnish Goel said the average per quintal of cotton was ₹8,500, the highest since 2018.

“All seven cotton-growing districts are reporting the arrival of mere 4,000-8000 quintals every day. This kind of low arrival is exceptional even when farmers are being paid remunerative rates for the crop,” said Goel.

In 2021, 9.26 lakh quintals had hit the market by November 30 when the crop was severely hit by pink bollworm. The average rate in the last kharif season was ₹7,700.

Punjab witnessed a record production of over 49 lakh quintals in 2020 when farmers were paid ₹5,200 per quintal. Cotton growers earned well due to their high yield. In 2020, different purchase centres recorded brisk arrival of 19.34 lakh quintals by the end of November.

Similarly, in 2019 the state witnessed the arrival of 13.27 lakh quintals and 12.39 lakh quintals in 2018.

ICAL secretary Jatinder Singh says this time the staple length is less than the prescribed of 27 mm and growers may end up getting lesser rates.

“Dismal arrival has hit the entire industry ecosystem as cotton ginning factories are incapable to run units. Initially, we estimated Punjab may produce more than 35 lakh quintals which have come down to 20 lakh quintal or even less. The industry is in wait-and-watch position if farmers start taking the raw cotton in the market as harvesting of basmati and parmal varieties are over,” said Singh.

Source: hindustantimes.com- Nov 30, 2022

HOME

****

Bommai requests Centre to sanction mega textile parks in three districts

Chief Minister Basavaraj Bommai met Union Minister Piyush Goyal on Tuesday and discussed with him various issues pertaining to Karnataka.

Mr. Bommai said the State government had decided to establish an international-level mega textile park in Kalaburagi, Tumakuru, and Vijayapura districts under 'Mitra' scheme. These three districts are situated near both national and State highways besides connected well with all important cities and ports.

Establishing the mega textile park in these districts would help in converting these districts into textile headquarters. Besides, it would help in fulfilling the dream of 'Atmanirbhar' in the textile sector.

Rice

Mr. Bommai appealed to Mr. Goyal to reconsider rules as the Centre had restricted only 10,000 tonnes of rice to Karnataka. On behalf of the Food Corporation of India (FCI), the Centre must consider releasing two lakh tonnes of rice to Karnataka under the open market sale scheme till March, by considering it as a special case. He urged immediate release of 50,000 tonnes of rice.

Sanctuary

Mr. Bommai met Union Minister for Forests, Environment and Ecology Bhupendra Yadav and urged him to declare the surrounding areas of the newly created Gudekote Wild Bear Sanctuary and Bhimgarh National Forest as ecologically sensitive areas.

Already, two draft notifications in this regard are passed in the State Cabinet and the proposals have been forwarded to the Centre for necessary action.

Source: thehindu.com- Nov 30, 2022

HOME

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