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USD	82.72
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INTERNATIONAL NEWS

UK manufacturing downturn accelerates at end of 2022: S&P Global

The UK manufacturing sector ended last year on a weak footing, with output, new orders and employment all falling at faster rates. Domestic and overseas demand remained lacklustre, as clients faced rising costs, increased market volatility and, in the case of European Union (EU)-based clients, Brexit-related complications, according to S&P Global.

The seasonally adjusted S&P Global-Chartered Institute of Procurement & Supply (CIPS) UK manufacturing purchasing managers' index (PMI) fell to a 31-month low of 45.3 in December, down from 46.5 in November, but above the earlier flash estimate of 44.7.

The PMI has remained below the neutral 50 mark for five successive months.

Excluding the series lows registered during the first pandemic lockdown, the current PMI reading is one of the weakest since mid-2009, S&P Global said in a release.

All five of the PMI sub-indices signalled a weaker operating environment for the UK manufacturing economy. Output, new orders, employment and stocks of purchases all fell at accelerated rates, while vendor delivery times (an indicator of supply chain stress) lengthened to the least marked extent since January 2020.

Manufacturing production contracted for the sixth successive month in December. Moreover, the rate of decline was among the steepest during the past 14 years.

Companies reported that output had been scaled back due to declining intakes of new work and disruption caused by stretched supply chains and material shortages. December saw a similarly steep decrease in the level of incoming new business. The decline in new work received reflected weaker domestic and overseas demand, economic uncertainty, client destocking and customers postponing orders.

On the export front, manufacturers reported lower demand from markets such as China, the United States, mainland Europe and Ireland. The main driver of lost export contracts was weak global economic conditions.

The downturn in manufacturing was also increasingly reflected in the labour market. Job cuts were seen for the third consecutive month, with the rate of loss the steepest since October 2020.

UK manufacturers passed on part of the increase in costs to their clients in the form of higher selling prices during December. However, in line with the easing in cost inflation, the rate of increase in output charges dipped to a near two-year low.

Source: fibre2fashion.com- Jan 04, 2023

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China suspends registration system for firms engaged in foreign trade

Commercial authorities in China cancelled registration requirements for businesses engaged in foreign trade activities from December 30 last year following a revision of the country's Foreign Trade Law, according to the ministry of commerce. However, whether this is applicable to all trades or not has not been disclosed by the authorities.

Market entities will no longer be required to provide foreign-trade operator registration material while applying for import and export licenses, registration certificates of technology import and export contracts, quotas, state-owned trade qualifications and other relevant documents.

It is an important institutional innovation for the government to promote trade liberalisation and would help optimise the business environment, release the potential for foreign trade growth and promote high-quality trade development and high-level opening up, the ministry was quoted as saying by an official media outlet.

Source: fibre2fashion.com- Jan 04, 2023

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Source: fibre2fashion.com- Jan 04, 2023

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China’s FDI inflows to Vietnam to increase: Agriseco

Foreign direct investment (FDI) inflow from China to Vietnam is expected to rise as China is to reopen its doors and resume flights between the two countries, according to Agribank Securities Company (Agriseco).

Agriseco attributed the expected rise to the low labour cost in Vietnam and the close geographical proximity between China and Vietnam.

Although investment from China slowed down during the past three years due to border closure measures, many Chinese-invested projects continued to be expanded in Vietnam. In the first 11 months of 2022, China ranked fourth among the 97 countries and territories investing in the Southeast Asian country.

With the outbreak of the COVID-19 pandemic, FDI enterprises in China, Hong Kong (China) and Taiwan (China) have gradually moved their factories to Vietnam such as Foxconn, Pegatron and Goertek, Agriseco said, but noted that if China opens up completely, the supply chain will be less disrupted and this will affects FDI registration in Vietnam in the near future.

Regarding garment and textile enterprises, China's reopening will help them access material sources more easily, Agriseco said.

Vietnam imports more than 30% of input materials for production from China, mainly machinery and electronic components, textile and garment materials. During China's shutdown, many businesses faced difficulties due to a shortage of raw materials, sharp increase in input costs, and congestion of goods.

Source: en.vietnamplus.vn- Jan 04, 2023

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Better Cotton Open for Business in Uzbekistan

It's another vote of confidence for the formerly blacklisted country, which the sustainable cotton nonprofit said has "come a long way" from its state-sanctioned use of child and forced labor to harvest the fiber.

Years of campaigning, plus a decade-plus-long freeze-out by brands and retailers, have triggered extensive government-led labor reforms in the world's sixth-largest cotton producer. In March, the International Labor Organization declared Uzbek cotton "free" of forced and child labor. The same month, the global coalition known as the Cotton Campaign called off its boycott. The Central Asian nation, it said, has demonstrated that it is able to harvest cotton "almost entirely" without coercion.

"For the first time, independent monitors did not document systemic, government-imposed forced labor organized by the central government in any of the areas monitored," a report by the Uzbek Forum for Human Rights, a frontline partner of the Cotton Campaign, noted at the time. "Although there were some incidents of forced mobilization of state employees imposed by government officials, it was not on a scale that suggests it was coordinated by the central government."

In September, the U.S. Department of Labor (DOL) struck Uzbek cotton off its annual list of goods produced by child labor or forced labor in recognition of its "significant advancement."

Now, Better Cotton wants to "build on the success." Commercial incentives that link Uzbekistan's cotton farmers to international markets, it said, can help coax the newly privatized sector to maintain its trajectory while hitting international goalposts.

By implementing the Better Cotton Standard System, a "holistic" approach to cotton production that spans environmental, social and economic principles, the Geneva- and London-based organization will provide "robust and credible" decent-work monitoring systems that can demonstrate impact and measure results.

Better Cotton will also introduce physical traceability, ensuring that cotton from licensed farms is fully segregated and traced through the value chain. Any licensed Better Cotton from Uzbekistan, it noted, will not be sold, at present, via the mass balance chain of custody, a controversial scheme that allows Better Cotton to be substituted or mixed with an equivalent amount of conventional cotton after ginning and spinning.

Better Cotton already has a head start. The International Finance Corporation and German developmental agency GIZ began piloting Better Cotton Principles and Criteria, its practice-based standard, in Uzbekistan in 2017.

The pilots, the initiative said, provided a “strong entry point” for its program, with 12 large farms already benefiting from “significant” training. The six that have maintained participation are now engaged in the program’s 2022-23 cotton season. All of them, it added, have been assessed against the Better Cotton Principles and Criteria by trained third-party verifiers.

A growing shift to mechanization has eased the pressure on Uzbekistan’s mahalla, or district, councils to recruit residents to pick cotton in their quarters.

Better Cotton said that participating farms that still rely on manual picking received additional decent work monitoring visits, documentation reviews and hundreds of worker, community and management interviews with a focus on labor risks “due to the country’s past challenges.”

The findings, which were “documented and discussed” with technical labor experts, contributed to the organization’s “enhanced assurance activities,” confirming that no systemic forced labor was present on any of the farms. As with other Better Cotton countries, not all participating farms received a license this season. Better Cotton said it will continue to support both the farms that received licenses as well as those who did not through its capacity-building efforts so they can continually improve their practices.

But potential pitfalls in the country still remain, Allison Gill, forced labor program director at Global Labor Justice-International Labor Rights, a member of the Cotton Campaign, previously told Sourcing Journal. Key risks campaigners have identified, she said, include a lack of independent and credible monitoring, and grievance and remedy for workers at various stages of cotton production, including at the field level. There are also “serious” restrictions on freedom of association, expression and assembly, and a lack of independent trade unions.

“Removing Uzbek cotton from the [DOL’s] list does not simply give a green light to buyers, it’s more like a yellow light; buyers need to assess the human rights risks that remain and ensure they are addressed,” Gill said. “That’s why we have called on the government to remove restrictions to the enabling environment for labor rights.” The Cotton Campaign is also working on its own pilot, one that will rally Uzbek producers, workers, and international brands to “ensure labor rights are respected in the whole cotton supply chain,” she added.

As Better Cotton begins its work in Uzbekistan, it’s concentrating on areas where progress still needs to be made, including ensuring worker voice and protection through the “effective implementation” of labor unions and the “appropriate use” of worker contracts, it said.

“We are energized by the progress that has been but do not expect our journey ahead to be without challenges,” Better Cotton said. “We will succeed together thanks to a solid foundation, strong partnerships and commitment from all involved stakeholders.”

Better Cotton previously suspended its program from China’s Xinjiang Uyghur Autonomous Region, another cotton forced-labor hotspot. The move led to the creation of a homegrown cotton sustainability standard that many regard as a direct repudiation of what the China Cotton Association has derided as “Swiss standards.” The initiative still operates in the Yangtze River and Yellow River Basins, supporting farmers in the Hebei, Hubei and Shandong provinces.

Source: sourcingjournal.com- Jan 04, 2023

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Looking Ahead, Supply Chain Normalization in 2023?

Is it time for the logistics industry to finally exhale? Maybe.

Shippers and transportation providers enter 2023 in a landscape far less tumultuous than what marked the past couple years as economic softening eases some of the supply chain headaches that defined the more recent past.

Shippers and carriers are set to see the start of the Lunar New Year, which will keep cargo movement largely calm at the start of the year.

Ocean Network Express (ONE) CEO Jeremy Nixon noted in a December media briefing with the Port of Los Angeles "things have been very soft and we've been adjusting down" since October. Lunar New Year typically means ONE's service levels are reduced by about 50 percent, according to Nixon.

The slowdown of imports has allowed previously overwhelmed ports, such as Los Angeles and Long Beach, to finally win at the game of cargo catch-up, a rail labor deal done in December put to bed fears of a national shutdown and companies that invested in tech continue to talk improvements in visibility. It all begs the question of whether shippers might see major service improvements in the new year.

"We're continuing to upgrade our customer service quality here in North America," Nixon said. "We brought in these new import dashboards now in our e-commerce website so customers can get a complete indication of when their containers are coming in and when the arrival notice has been prepared…. So we're providing a lot more data and dashboard a lot more tracking information for import customers into North America so they have more visibility going forward."

Shipper criticism of ocean and rail carriers' unreliable service reached a fever pitch during the height of the pandemic amid skyrocketing rates. 2022 saw the signing of the Ocean Shipping Reform Act (OSRA), a major overhaul to the regulations governing container shipping, and probes into rail service by the Surface Transportation Board.

Time will tell whether government intervention spells relief in the long-term, but one constant in any forecast for logistics: change is all but certain.

"Great providers and transportation providers that have a national footprint are going to be more of the norm and something the BCOs [beneficial cargo owners] want to make sure that they have in their transportation provider portfolio because we could sit here and talk about what we're forecasting into 2023 and 2024 and the next year, but there's always something that could happen," said Paul Brashier, vice president of drayage and intermodal at third-party logistics company ITS Logistics. "So, my hope coming out of this year and going into next is that BCOs and shippers really start gravitating towards more service providers that have a nationwide footprint. It gives them that flexibility and malleability to help them navigate anything."

'Last remaining question mark': labor

If there's any nail biter for shippers to watch in 2023, it would be the pending labor contract for West Coast dockworkers, who have been without a new deal since July.

The union representing workers, the International Longshore and Warehouse Union (ILWU), and Pacific Maritime Association (PMA), which represents employers, have said in joint statements a new contract would be reached with no disruption to cargo movement and the two groups are reportedly expected to hash out an agreement in the early part of 2023.

The San Pedro Bay ports saw a loss of business to East and Gulf coast facilities as shippers re-routed cargo in 2022 to avoid any possible labor slowdown. Los Angeles and Long Beach are now scrambling to regain that lost business.

"Our vessels are coming in. We're berthing on arrival. Most of the time, we're not having any delays. We're getting the ships around, the cargo is flowing, the intermodal is much, much better on the rail side. So we're fluid again. So that is good," ONE's Nixon said. "Of course, we have the overhang continuing on the discussions between the ILWU and PMA. Those negotiations are going on. They're going to take a little bit longer than normal, but… I remain optimistic that both sides can find a logical and amicable outcome, which will create no disruption and therefore we're not expecting any disruption. And... we would like to see, obviously, that last remaining question mark taken off the table and then we can start to see, hopefully, more cargo coming back from this East Coast sort of ad hoc routing more back to the West Coast"

Brashier, like many industry watchers, predicts a new contract sometime in January or February, with freight then expected to return to the West Coast.

"We definitely have a positive outlook that it will get resolved early in Q1 of next year," Brashier said. "I think the one thing to keep an eye on is, after this gets resolved, what do those volumes look like returning to the West Coast? From what we see in RFP [request for proposal] activity and what our clients are forecasting for 2023, it looks like volumes will return back to the West Coast, but there will still be a little bit more booked to the East Coast as well into the next year. So I think the East Coast will hold on to some freight."

Contract renegotiations?

Contract questions also abound for transportation rate agreements as the industry watched prices take a nosedive in the back half of 2022.

"The rates are a function of many different things. I see them continuously getting to a normalized level," said Michael Rofman, head of the transportation and logistics group at tax and advisory firm Mazars. "The reason I say that is because the inbound freight has now normalized to levels to be handled by our infrastructure and the transportation companies are now at normal terms."

Transportation rates have come down anywhere from 40 percent to 60 percent in the past six to nine months, ITS's Brashier noted. Ocean rates' fall this year also helped usher in more capacity and operational improvements, he added.

"I've never seen this level of RFPs in December in my 15 years in transportation," Brashier said. "So there's definitely change in how [shippers] manage the transportation or procure it."

The new market dynamics have meant a normalization for cargo flow not seen, in Brashier's case, since around 2017 with the executive noting "it's looking at being normal again for the first time in a long time."

"Overall, 2023 looks to be, pricing-wise, really, really positive for those purchasing it and significantly settled operations, no huge labor disruptions or turbulence on the horizon and it should be a relatively smooth year for folks in this industry," Brashier said. "And that's a good thing. The last two, three years were challenging and rough on a lot of folks. So hopefully this is good news for everybody in transportation."

Carriers are clearly looking at the situation through a different lens and are waiting to call it on the current situation with rates and contracts.

ONE's Nixon said it's "early days" on where rates go and whether the industry sees a wave of contract renegotiations in 2023, given the drop-off in spot rates.

"Of course, the new contracts don't kick in until the first of May. We've got another two, three, four months to go before then so let's see how things progress," Nixon said. "But I think generally one comment we've learned in this industry is things go up, things go down. But when we get periods like this where the cargo volume drops away, normally it indicates that at some point down the line, cargo volumes will come back up again above the average median.

So, let's see how quickly the re-inventory program and the pickup in demand goes during February, March. But if we have a very long period of low cargo volume, it generally means that that will come later on in higher cargo volumes. So I think it's too early to call on what's going to happen on the transport rates for next year."

New supply chain behaviors emerge

Supply chain scares of the past couple years have led to strategic resets.

Retailers and other companies moved from a just-in-time to just-in-case stock strategy to ensure having inventory on hand during the pandemic. Now, as supply chain challenges ease, Vaughn Moore, executive chair and CEO of global freight forwarder AIT Worldwide Logistics, suggests shippers will employ a little bit of both models as they make their way through 2023 and beyond.

“It can’t go all the way back to just in time right away, so I think we’re going to see a hybrid over a shorter period of time as we figure things out and then it remains to be seen,” Moore said. “And you’ve got to wait a little bit to see how the consumer responds to this new world.”

Sourcing diversification, while not an entirely new trend brought on solely by the pandemic, will continue to alter the course for distribution and warehouse footprints. Prologis, a developer and owner of industrial real estate, said in its 2023 supply chain prediction report it expects demand for real estate in Mexico to hit a new annual record as the nearshoring trend continues.

The commercial real estate firm, with a global portfolio totaling about 1.2 billion square feet, said nearshoring accounted for half the leases inked in the first six months of 2022 in Mexico for places such as Monterrey, Juarez and Tijuana. Prologis reported Mexico had about 25 million square feet of new industrial space under construction as of the third quarter, with the market seeing vacancy, or the amount of available space, fall to 1.4 percent.

ONE is planning its routes accordingly to accommodate surges in India, Vietnam and other parts of Southeast Asia.

“I think the point though, just to also be aware of for many of our big customers in North America, is they are trying to de-couple a little bit from their reliance on China as a strong sourcing point. So we see typically 70, 80 percent of cargo coming out of China,” ONE’s Nixon said. “We see some strategy around trying to—China will still be important, but [companies are] looking at other locations…. So we’ve got to be able to adjust our loops and services so that we’re not just covering the China main ports, which will continue to be strong, but we have to cover these other markets where many of our North American retailers and importers are now going to increasingly source from over the next two, three, four years.”

Source: sourcingjournal.com- Jan 04, 2023

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Fewer German manufacturers report material shortages in Dec 2022

Material shortages have eased noticeably in German manufacturing with only 50.7 per cent of surveyed companies reporting problems in December 2022 compared to 59.3 per cent in November—the third consecutive fall, as per Ifo Institute.

In almost all manufacturing industries, the number of companies experiencing material shortages has fallen. Industries involved in the manufacturing of textiles and apparel showed material shortages of 33.5 per cent and 38.1 per cent, respectively, according to a press release by Ifo Institute.

“Shortages appear to be easing in many industries,” said Klaus Wohlrabe, head of surveys at Ifo. “This will shore up the economy in the months ahead. However, depending on the development of the corona situation in China, there may be setbacks in the bottlenecks again.”

Source: fibre2fashion.com- Jan 04, 2023

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Vietnam's textiles, garments export up 14.5 pct in 2022

Vietnam earned approximately 37.5 billion U.S. dollars from exporting textiles and garments in 2022, up 14.5 percent from the previous year, according to the country's Ministry of Industry and Trade on Wednesday.

Its major export markets included China, Japan, the European Union, South Korea and the United States.

In December alone, however, Vietnam's textile and garment export decreased 21.1 percent year on year to around 2.8 billion dollars.

According to the Vietnam National Textile and Garment Group, though forecasts had been made early, its members were still surprised at unpredictable changes in 2022 such as the Russia-Ukraine conflict and surges in oil prices, inflation and interest rates, which have dampened demand in importing markets.

The Vietnam Textile and Apparel Association forecast that textile and garment exports may reach 47 billion to 48 billion dollars in the positive scenario for 2023 and 45 billion to 46 billion dollars in the lower-case scenario.

In the current context, when international markets do not place long-term textile and garment orders, businesses can switch to producing lower-value items, the Vietnam News Agency cited the association as saying.

Textile and garment markets will be unable to bounce back at least in the first half of 2023.

Source: english.news.cn- Jan 04, 2023

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Pakistan: Cotton arrivals plunge to 4.6m bales

LAHORE: Pakistan records over 4.6 million bales of cotton production during the calendar year 2022 against more than 7.3m bales produced during the previous year, a massive shortfall of 37.23 per cent.

Market observers put heavy monsoon rains and river floods, which washed away standing crops, particularly in the cotton belts of Sindh and Punjab, as the main reason behind the decline in cotton yield.

Both provinces could not also meet the cotton sowing target as the crop had been planted only on 2.01m hectares against the target of 2.53m hectares this season.

The data released by the Pakistan Cotton Ginners Association (PCGA) on Tuesday revealed that 4,612,687 cotton bales arrived by Jan 1, 2023, while the figure stood at 7,312,537 bales on Jan 1, 2022. The white lint output even fell short by 0.2m bales than the estimates of 4.8m bales made by the industry a month ago.

Cotton arrivals in Sindh have been reported at 1,850,400 bales this year against 3,508,602 bales last year, a decline of around 47pc. The drop in output in Punjab has been estimated as 28pc as the province harvested 2,762,287 bales this year as compared with 3,838,808 bales last year.

This means the country will need to import more than 9.4m bales of cotton to meet the demand of 14m bales of the local textile industry as per the estimate of the All Pakistan Textile Mills Association (Aptma). Whereas the foreign exchange reserves position is so weak that letters of credit (LCs) of even the pharmaceutical industry are not being opened.

In a letter to the prime minister on Dec 23, Aptma leaders warned that the textile industry was already working at less than 50pc of its installed capacity and a large number of workers had already been retrenched and many more employees would lose their jobs if immediate steps were not taken to keep the textile units running.

They held the unavailability of lint, liquidity crunch and energy shortages as the reasons behind falling textile exports.

Concerned about falling local cotton production, Aptma is already approaching the countries, including the USA, China, Brazil and Turkiye, which have developed new cotton varieties with better yields to improve the local cotton seeds. It is also establishing a 'cotton secretariat' for focused work on the crop.

Source: dawn.com- Jan 04, 2023

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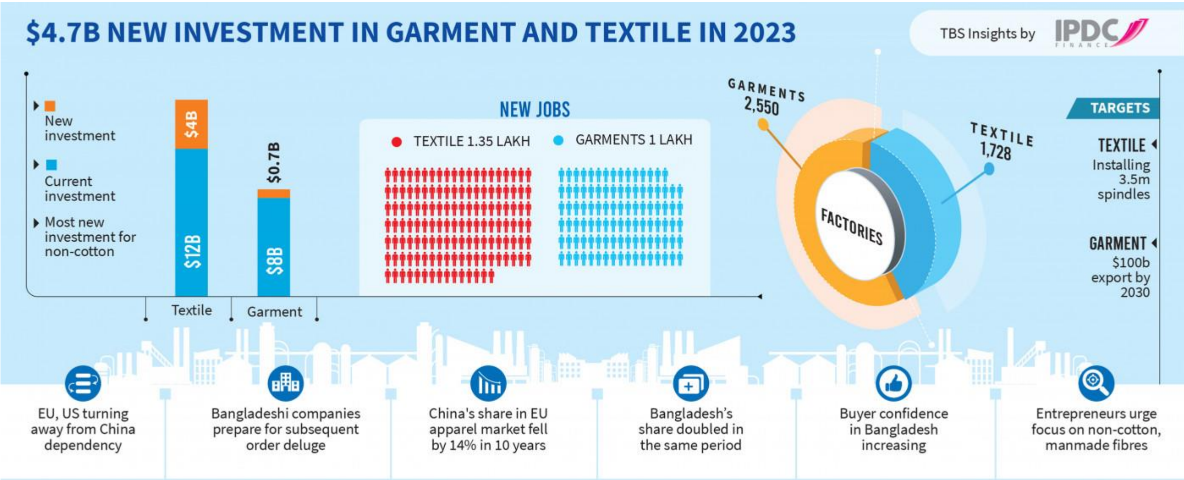
Bangladesh: Defying looming recession, RMG-textile readies for $4b in new investment

The readymade garments sector in Bangladesh is looking towards making huge investments in increasing capacity even when businesses worldwide are scaling back their operations as financial pundits and economists predict slowed growth worldwide and even global inflation.

According to sources at the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Textile Mills Association (BTMA), an investment of $4 billion is in the pipeline for this sector as it gears up for higher capacity in 2024.



Apart from this, new investment plans of about $1 billion have been reported, of which one company alone will invest about $0.7 billion. The dividends of these are expected to be seen this year.

The Business Standard spoke to at least 12 entrepreneurs, and nine of them said they would increase capacity and investment.

A key reason behind this new investment in the sector is Bangladesh positioning itself to reap the advantages of buyers in Europe and the USA moving away from dependency on China.

Many orders meant for the garments industry in China are now being diverted here. As demand trickles upward, investments in the sector are also set to grow.

The Narayanganj-based Crony Group, the country's leading apparel exporter, has already begun to look into this. The current 25,000 worker factory is being upgraded to a 40,000 worker factory by next year when the company expects to manufacture non-cotton garments as well.

Neela Hosna Ara, Crony Group's chairperson, told The Business Standard that some buyers reduced orders in China and increased orders here.

Citing the example of the famous brand Tom Tailor, she said the brand is redirecting sourcing from China to Bangladesh.

Some US buyers have also increased orders here.

"We hope this will continue in the coming years as well. For this, you have to be ready."

Like the Crony Group, other apparel and textile companies have also started to think about increasing capacity to meet future prospects.

MA Jabbar, managing director of DBL Group, another major garments player, also said buyers were reducing dependency on China and would continue to do so in the future. "On the other hand, the confidence of buyers towards Bangladesh has increased. As a result, opportunities have opened up for us."

Terming 2023 the year of investment, he said such expenditure should be done keeping in mind next year's possibilities. In this line of thought, MA Jabbar also brought up a lesson from the past.

Many entrepreneurs had invested in the garment sector (including textiles and accessories) even during crises such as 2004 when quotas were removed in the US market.

"It will not happen if you sit with your hands folded. Those who invested when quotas were lifted in 2004 have since gained," he said.

Kutubuddin Ahmed, the chairman of Envoy Group, said, "In 2004 when the quotas were lifted, there was talk of uncertainty in the market. But we still increased investment. Even during the political unrest in 1/11, we increased investment. Because we knew that the brightest day comes after the darkest night."

Meanwhile, some market leaders said buyers have already begun inquiring about whether the factories could handle additional orders.

A shift towards success

According to sources, a top-level delegation of fashion brand H&M visited Bangladesh recently. In the next month, the representatives of Primark, another leading brand in the world, are coming to visit Bangladesh.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), told TBS that Primark's delegation would meet with two organisations in the garment sector.

He said buyers are reducing their orders in China with many diverting orders to Bangladesh.

"We have good prospects in the coming years, especially in the knitwear sector."

In addition, foreign buyers gauged Bangladesh's capabilities and expressed interest in increasing business at the "Made in Bangladesh Week," which ended in Dhaka last November.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told TBS that during the

"Made in Bangladesh Week" last November, foreign buyers expressed interest in expanding business in Bangladesh.

He, however, pointed out that the global market may not do well in 2023, so the goal was to maintain growth.

Attempts were made to contact the representatives of three foreign importers, but they could not be reached.

Some entrepreneurs, however, are less optimistic than others.

Imranur Rahman, managing director of Laila Group and director of the BGMEA, told TBS that Bangladesh currently has a lot of capacity building. Orders from other countries are unlikely to improve much in 2023.

More than 80% of Bangladesh's manufactured garments are exported to the American and European markets.

According to the Research and Policy Integration for Development (RAPID), China accounted for about 22% of the US-made apparel market in the six months from January to June 2022, down from about 40% in 2010.

According to a survey published by the United States Fashion Industry Association last July, the country's clothing importers are interested in buying clothes from Bangladesh at a higher rate than China in the next two years.

While most of the US market share from China has gone to Vietnam, Bangladesh's slice has grown from 5% to 10%.

Among European Union countries, China's share fell from about 44% in 2010 to 30% in 2021, while Bangladesh's doubled. Vietnam's share did not change much.

Alongside the major garments producers, accessory makers are also getting ready to get a slice of the pie.

A larger slice for all

Mithela Textile, located in Araihazar, Narayanganj, supplies fabric of around 10 world famous brands to local garment factories.

The company's chairman Azahar Khan told TBS that a US buyer took 5% of their requirement with the rest coming from China. But now they want to increase business.

"They are, however, concerned about whether we can deliver on time."

Moazzem Hossain Moti, president of Bangladesh Garment Accessories and Packaging Manufacturers Association (BGAPMEA) told TBS that the sector is currently supplying garment exporters with $7 billion worth of accessory items annually.

The capacity created could support $10 to $12 billion a year.

He said currently 10% percent of the demand for accessories has to be imported.

"We have the capability to supply this too, but it is imported due to the buyer's preference."

Where the future lies

Entrepreneurs said 65% of China's garment exports are non-cotton, an area Bangladesh should focus on.

MA Jabbar, managing director of DBL Group, said the company has now increased its investment in the production of blended yarn (mixture of cotton and non-cotton).

He added that the capacity of Bangladesh should be increased in sportswear, outerwear, and lingerie items.

Mithela Textile's Chairman Azahar Khan said the company had recently launched a unit for manmade fibre fabrics.

Besides, another cotton-based unit is being considered, but they are waiting for the gas situation to improve.

For the last few years, investment in non-cotton textiles is increasing and entrepreneurs are pumping in more investment. Leading spinners, such as Noman Group, Envoy Group, DBL Group, Maksons Group, Square Group and Shasha Denim are now setting up new facilities for manufacturing synthetic and blended yarns.

Kutubuddin Ahmed, founder of Envoy Textiles Ltd, said, "Considering the future market demand, we also invested on capacity expansion to set up a synthetic blended yarn production facility at an investment of Tk125 crore. The new unit will produce 12 tonnes of yarn per day."

Sources related to the sector said beyond BTMA's calculations, an additional investment of about $1 billion is coming in the textile sector in the next one year, a part of which will be invested in the non-cotton sector.

Industrialists of the sector say more investors will come forward if the overall policy is investment-friendly, including continued gas supply and world class logistics support.

M A Jabbar thinks, energy support, policy reform, investment-friendly environment, alongside policy and logistic support should be adopted.

Corporate governance also needs to be fixed.

"I am ready, but if I don't get gas, the investment will suffer. What we need to do is to look at what kind of benefits competitor countries are offering to investors. We need to modernise our port and customs system also," he said.

Source: tbsnews.net- Jan 04, 2023

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Pakistan: Production cuts continue in industrial sector

KARACHI: Another textile maker joined on Tuesday the steadily growing list of industrial units that've either scaled back or suspended operations citing unfavourable economic conditions.

Crescent Fibres Ltd is curtailing production by up to 50 per cent owing to "widespread demand destruction," it told shareholders on Tuesday.
Earlier, Suraj Textile Mills Ltd announced it was bringing down its production by 40pc. Nishat Chunian Ltd also announced its partial shutdown because of poor business conditions. Similarly, Kohinoor Spinning Mills Ltd temporarily shut down production partly because of a high production cost and low demand.

The industry-wide production halts are reflective of a rising cost of doing business locally coupled with unfavourable conditions that are prevailing in the global market, analysts said. The trend is already apparent in foreign trade numbers as textiles constitute the main source of the country's export proceeds.

Speaking to Dawn, Pakistan Apparel Forum Chairman Jawed Bilwani said the clothing industry in Pakistan is currently operating at "50-55pc" below its optimum capacity.

"In addition to low international buying, the country's apparel makers are suffering because of a host of domestic issues. There's a shortage of dollars to import raw materials. Machinery imports are in limbo. Utility rates have gone up so much that we've become uncompetitive versus Bangladesh," he said.

Bangladesh is still growing its monthly exports by around a quarter on an annual basis even in the middle of a downswing in the global markets. "Bangladesh's exports are growing because its products are cost-effective but ours aren't," he said.

According to Pak-Kuwait Investment Company Ltd Head of Research Samiullah Tariq, the sector-wide downswing is mainly caused by a low demand in export markets coupled with a bad cotton crop, rising utility rates and unusually high interest rates that've increased the overall cost of doing business. Proceeds of textile sales in the international markets dropped 18pc in November to $1.42 billion on a year-on-year basis. The annualised decline in the first five months of 2022-23 remained 5pc.

High living on borrowed dollars

Speaking to Dawn, development economist Kaiser Bengali said the central bank made an “unintelligent decision” of restricting the imports of industrial inputs to save dollars. “Imports of consumer items, however, are still going on under one pretext or another,” he said while holding the policymakers responsible for the collapse-like situation in the textile industry.

He said the government should suspend the local assembly of vehicles while immediately introducing the rationing of petroleum products. “One car should get a quota of 150 litres of petrol per month,” he said.

Even though automakers have also observed production shutdowns in recent months, Dr Bengali shows little sympathy for the industry that operates on “borrowed dollars”.

“We pay dollars to import car engines. We pay dollars to import petrol. We pay those dollars out of the foreign loans we take out so liberally,” he said. Pakistan imported petroleum products worth $1.6bn in November, down 25pc from a year ago but up 39pc on a month-on-month basis.

Curbing petrol imports and the local assembly of vehicles will result in layoffs in related sectors, he says, but the move will free up the resources to create jobs in export-oriented segments like textiles.

Source: dawn.com- Jan 04, 2023

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Bangladesh: Apparel export earnings hit highest $4.66 bn in December

Bangladesh readymade garment (RMG) export earnings hit the best-ever $4.66 billion in December 2022 – the highest apparel export in a single month ever logged. According to recently published data by the Export Promotion Bureau (EPB), apparel export achieved 15.56% growth in December which was $4.37 in November.

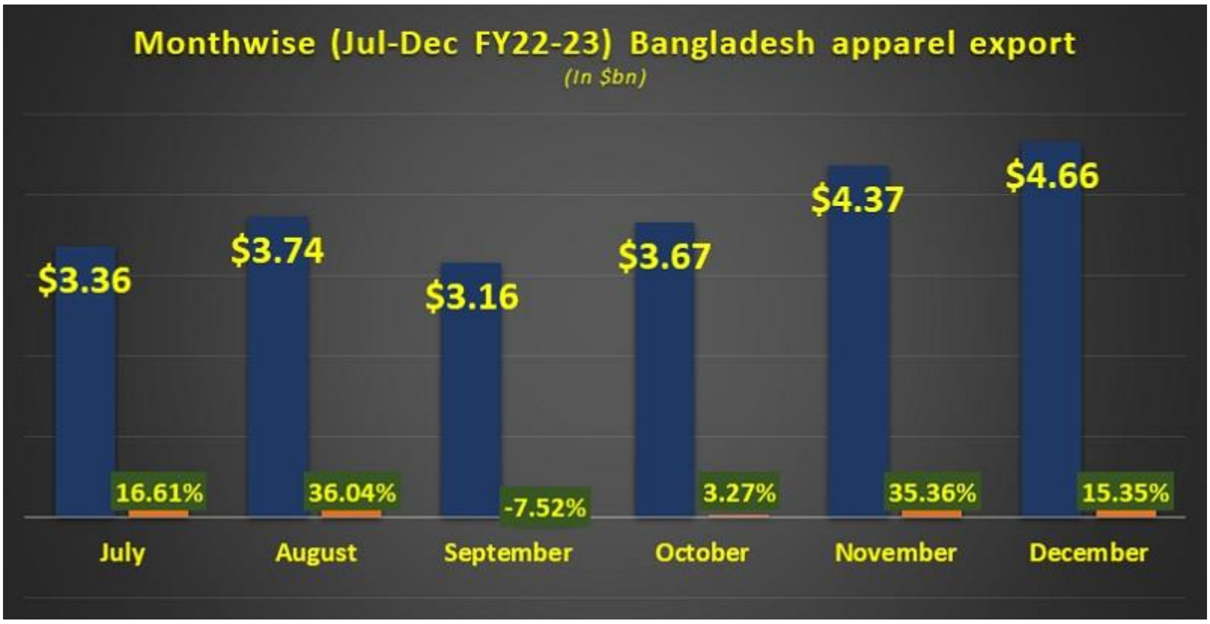
Bangladesh's garment sector has always played a major role in the record of export trade. As per EPB data, in December, apparel export earnings contributed a staggering 97% of the country's total export earnings.
Among the sub-sectors of apparel – knitwear products exports fetched $2.54 billion – with 17% Month-on-month growth in December 2022. While woven products exports fetched $2.11 billion – with 13.43% Month-on-month growth in December 2022.

Faruque Hassan, President, BGMEA, the apex organization of RMG industry owners, told the media, "Because of the war, the economy of Bangladesh, like many countries in the world is under a lot of pressure. Reserves fell below $34 billion. In this situation, increasing the export earnings was very necessary. Now the reserves will increase again. It will be easier for the government to deal with the pressure and will gain confidence."

In this regard, Commerce Minister Tipu Munshi told the media, "This is really surprising information. I did not think that our export sector will do so well in these difficult times. What was needed at this time was done. We will turn around by relying on this export income. The new year will be the year we turn around."

July to December FY2022-23 performance

EPB data also showed that Bangladesh exported $22.99 billion worth of garments to various countries in the first 6 months (July to December) of FY2022-23, which is 15.56 percent higher than $19.99 billion in the same period of FY2021-22.



EPB statistics showed that knitwear exports during the current fiscal year from July to December reached $12.66 billion, which is 13.42 percent higher than last fiscal year. Exports of oven cloth during this period amounted to $10.33 billion, which is 18.29 percent higher than the same period last year.

Mohammad Hatem, the executive president of BKMEA, an association of garment exporters, said that despite the lack of purchase orders for export in the last two months, the highest amount of exports in the history of Bangladesh has been recorded, which shows the light of hope for

industrial owners. Although our condition is not good, it is a good sign for us.
Those related to the sector said that this success of the export sector is surprising. Because of the shortage of gas and electricity in the country from September, production was feared to decrease. But the opposite happened. Economists and exporters say that the economy of Bangladesh will turn around based on this jump in export income.

Calendar year performance

considering the data in the calendar year, Bangladesh marked a new milestone in RMG export in 2022. As per the analysis of BGMEA, Bangladesh's RMG export reached $45.70 billion in 2022 with 27.64% growth compared to 2021. The export earnings from the knitwear sector was $24.71 billion while the earnings from the woven was $20.99 billion both registering 26.11% and 29.48% year-on-year growth respectively in 2022.

Other textile and allied sub-sector exports

In the first 6 months (July to December) of FY2022-23 period, the home textile sector earned $715 million. Observing a 16.02% negative year-on-year growth.

Specialized textile products earned $193.33 million with 37.54% negative growth. While terry towel products earned $24.45 million. Observing a 23.93% year-on-year negative growth.

Special woven fabric products earned $15.07 million and witnessed a 17.58% growth in the July-December FY2022-23 period.

Knitted fabrics exports earned $146.44 million. Witnessing a 53.91% negative growth in July to December of FY2022-23 period.

Source: textiletoday.com.bd– Jan 03, 2023

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Pakistan: Cotton arrivals plunge to 4.6m bales

Pakistan records over 4.6 million bales of cotton production during the calendar year 2022 against more than 7.3m bales produced during the previous year, a massive shortfall of 37.23 per cent.

Market observers put heavy monsoon rains and river floods, which washed away standing crops, particularly in the cotton belts of Sindh and Punjab, as the main reason behind the decline in cotton yield.

Both provinces could not also meet the cotton sowing target as the crop had been planted only on 2.01m hectares against the target of 2.53m hectares this season.

The data released by the Pakistan Cotton Ginners Association (PCGA) on Tuesday revealed that 4,612,687 cotton bales arrived by Jan 1, 2023, while the figure stood at 7,312,537 bales on Jan 1, 2022. The white lint output even fell short by 0.2m bales than the estimates of 4.8m bales made by the industry a month ago.

Cotton arrivals in Sindh have been reported at 1,850,400 bales this year against 3,508,602 bales last year, a decline of around 47pc. The drop in output in Punjab has been estimated as 28pc as the province harvested 2,762,287 bales this year as compared with 3,838,808 bales last year.

This means the country will need to import more than 9.4m bales of cotton to meet the demand of 14m bales of the local textile industry as per the estimate of the All Pakistan Textile Mills Association (Aptma). Whereas the foreign exchange reserves position is so weak that letters of credit (LCs) of even the pharmaceutical industry are not being opened.

In a letter to the prime minister on Dec 23, Aptma leaders warned that the textile industry was already working at less than 50pc of its installed capacity and a large number of workers had already been retrenched and many more employees would lose their jobs if immediate steps were not taken to keep the textile units running.

They held the unavailability of lint, liquidity crunch and energy shortages as the reasons behind falling textile exports.

Concerned about falling local cotton production, Aptma is already approaching the countries, including the USA, China, Brazil and Turkiye, which have developed new cotton varieties with better yields to improve the local cotton seeds. It is also establishing a 'cotton secretariat' for focused work on the crop.

Source: dawn.com– Jan 04, 2023

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Vietnam textile exports seen rising to more than US$45bil

The Vietnam Textile and Apparel Association (Vitas) forecasts garment exports to reach more than US$45bil (RM198bil) in 2023, higher than last year's US$44bil (RM194bil), driven by opportunities provided by new free trade agreements (FTAs).

Vitas president Vu Duc Giang said that although difficulties would remain for textile and garment exports in the first half of 2023, there were factors it could pin hopes on in the second half.

The United States and European Union (EU) markets were expected to warm up in the second half of 2023, together with the opportunities provided by new FTAs, Giang said.

For example, under the EU-Vietnam FTA, many products exported from Vietnam would enjoy zero tariffs as of 2023.

The visit of Prime Minister Pham Minh Chinh to Europe would also open up significant opportunities for attracting investment in the garment and textile industries, especially in the production of raw materials.

The Vietnam National Textile and Garment Group (Vinatex) said its members were surprised by some developments in 2022, such as the Russia-Ukraine conflict and surges in oil prices, inflation and interest rates, which caused demand to nosedive.

Vinatex estimated its 2022 revenue at over 19.53 trillion Vietnamese dong (RM3.6bil), up 15% on the year prior, and 8% higher than the target, and a consolidated profit of more than one trillion Vietnamese dong (RM186.97mil), up 14.6% on the target.

These figures are viewed as encouraging amid numerous market difficulties.

Pointing out three scenarios, Vinatex chairman Le Tien Truong said in the best-case scenario, the global economy will become stable and geopolitical conflicts will be over by the end of the second quarter, meaning exports in 2023 may go up 4% to 5% on 2022.

In a middle-case scenario, instabilities will linger, inflation will remain, and interest rates will increase until the third quarter, where exports may stay unchanged compared to last year.

In the worst-case scenario, where the world economy will enter a recession, 2023 revenue may be about 5% lower than that of last year.
Meanwhile, Vitas forecast its export revenue last year to stand at nearly US$44.5bil (RM195.93bil), up 10% from 2021.

Source: thestar.com.- Jan 04, 2023

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NATIONAL NEWS

Textiles PLI 2.0 may allow flexibility on mandate to form new company

The second edition of the production linked incentive (PLI) scheme for textiles may allow some relaxations on the mandatory requirement for applicants to form a new company for production and investments under the programme, sources have said.

However, the Textiles Ministry is unlikely to allow any flexibilities under the first edition of the PLI scheme, already under implementation, despite some applicants arguing that setting up a new company would increase their operating costs, a source told businessline.

“There are a couple of applicants, amongst those who received their initial approval for the scheme, who expressed their unwillingness to set up a new company as they already have operations in the country. Their arguments were looked into, but the government is not ready to make changes to the existing scheme in the first phase,” the source said.

Huge potential in our new FTAs

The PLI scheme for textiles was introduced in 2021, with an outlay of ₹10,683 crore, to promote the production of man-made fibre (MMF) fabrics and apparels as well as technical textiles. Of the total 67 applications received under it (the first edition of the scheme), 64 applicants were selected, and letters of approval were sent to 55 selected participants till October 2022. Investments of over ₹1,536 crore have already been made, per government estimates.

Minimum investment

While for the first edition of the PLI scheme, the minimum investment requirement (₹300 crore for part-one and ₹100 crore for part- two) and turnover requirement (₹600 crore for part-one and ₹200 crore for part-two), was high, the Textile Ministry is likely to bring it down considerably for the second edition of the scheme.

"The minimum investment requirement for getting various levels of incentives is likely to be much lower in the second edition of the PLI scheme with three different thresholds of ₹15 crore, ₹30 crore and ₹45 crore under consideration with double turnover requirement," an industry source said. The second edition of the PLI scheme is likely to be available for cotton items as well and not just be restricted to MMF and technical textiles.

However, the incentives offered under the second edition of the PLI scheme for textiles is also likely to be lower than under the first edition. The high levels of incentives under the first edition of the PLI, which ranges between 11 per cent and 15 per cent in the first year (to be reduced by 1 per cent over the remaining four years), would also serve to ensure that applicants who have committed to invest under the scheme would not withdraw and migrate to the second edition, the official added.

Source: thehindubusinessline.com - Jan 05, 2023

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India's $200-billion textile sector is facing the blues as major markets US and Europe cut back on spending

Aashish Vij, Group Director of Pan Overseas, a Panipat-based seller of floor coverings and chenille bedspreads, has seen a 35-40% drop in his textile export business this year. Vij, who gets 80% of his business from the US market, attributes this to a number of reasons, including higher grocery bills in US, soaring raw material prices, high inventory levels and a cut back in discretionary spends.

"Immediately after the pandemic crisis abated in 2021, the market really boomed. But it has slowed in this financial year. The next six months will be very important. We have to wait and watch. If things keep going on at this pace, many of us will have to exit our business," he says.

The exporter's views are reflective of the problems hurting India's $200-billion textile industry. The segment is grappling with a situation where big markets such as the US and Europe are tightening their purse strings amid high inflationary pressures. This seems to have had a large impact on textiles.

Though the Indian economy remains relatively strong and is an outperformer among the major economies, the textile sector is a notable exception, says a Reuters news report. Order flow suggests the downturn will continue well into 2023, raising the risk of layoffs in an industry that employs more than 45 million people.

"Exports, which constitute about 22% of the industry, have fallen for five months in a row — declining over 15% year-on-year in November to $3.1 billion," the report adds.

With discretionary spending down and buyers spending only on essentials, textiles are not getting as much of a preference as earlier. Also, more focus on cotton textiles over the years has created a dent in demand as newer segments have come up.

The textile and apparel sector is integral to India's export growth as it has about 10.33% share in the export basket, according to official statistics. Therefore, the dismal numbers paint a bleak picture. What is making textile exports from India lose their competitiveness?

Change of mindset

Atul Gupta, Partner, Deloitte India, says textiles have not really helped in pushing our exports up; in fact, its share in the export basket has just reduced over the years. One of the main reasons is the thought process that cotton textiles alone will get us through. “The world has moved on to man-made fibre (MMF). That is one area where we don’t have a distinct advantage. We don't have a big share in technical textiles, home textiles, fabrics, etc, compared to yarn and readymade garments where we have a bigger hold,” he says.

The MMF segment accounts for 70% share in global fibre consumption, with demand for it steadily increasing in the world market.

Gupta emphasises that India’s product mix needs to be realigned with global market demand. Only then will the textile sector see some changes for the better. “That is where innovativeness, superior design and value addition is more substantial. There is no point in fulfilling the cotton fibre demand of the world without any superior quality. Cotton yarn is an ‘also-ran’ product. We are competing with everyone in that segment,” he says.

Incidentally, the Production Linked Incentive (PLI) Scheme for textiles in 2021, with a budgetary outlay of Rs 10,683 crore, is seeking to fill this gap by promoting domestic production of high-value MMF fabric, garments and technical textiles.

“The incentive structure has been so formulated that industry will be encouraged to invest in fresh capacities in these segments. This will give a major push to growing the high-value MMF segment, which will complement the efforts of cotton and other natural fibre-based textiles industry in generating new opportunities for employment and trade,” a Press Information Bureau release had stated.

Gupta says that while these are steps in the right direction, these alone won’t help make India a leading textile exporter. “Even for textile machinery, we are dependent on overseas manufacturers and suppliers. Our top exporters don’t even use any Indian machinery. They use imported ones. We are still a rudimentary market. We need to get out of the mindset that textiles, as an industry, has to be labour intensive.

Instead, a focus on modernisation and digitisation should be the key so that our products are superior in quality and get better visibility," he adds.

More value addition

Industry experts are of the view that India also has an opportunity to scale up in categories that have traditionally not been our forte. KK Lalpuria, Executive Director and CEO, Indo Count Industries, a Kolhapur-based home textile manufacturer specialising in bed linen, draws attention to higher value-added products that can hold India in good stead.

"India is not doing well in certain categories of exports such as swimwear, lounge wear, athletic wear, leisure wear. We are not participating in those categories but more in basics like t-shirts and other simpler products in apparel. Our presence has been more in low-hanging fruits. Now there is an opportunity to achieve the numbers China had done in the past by participating in the relevant categories. We have a chance to gain much more market share," he says.

Reflecting on the recent trend in the textile sector, Lalpuria says that it is evident that the trajectory has been on a downward curve. This despite the fact that it is the holiday season — traditionally the time for robust sales in stores.

"November showed more of a downward trend than September or October. In the quest to liquidate inventory, retailers came up with discounts from October onwards and everyone finished shopping before the season itself. However, on the bright side, we are hearing that the inventory pipeline of brands and retailers is drying up. If that is the case, things should start normalising post holiday season," he adds.

Anomalies in export

But besides such factors, there are other aspects as well that don't make it a level playing field for India's textile exports. Lalpuria refers to the anomalies in export, which make it difficult for industry players to compete with international counterparts on an equal footing. "For instance, Bangladesh, Vietnam and Pakistan have duty-free access to Europe and the UK, whereas India is paying a 9.6% duty.

Once FTAs (free trade agreements) with the EU, the UK and Canada are implemented, Indian textiles will have the opportunity to gain further market share. These should be signed quickly as time is of essence. India should not lose out on that," he says.

Factory of Indo Count Industries, a Kolhapur-based maker of cotton yarn and knitted products.

The FTA with the UK is expected to give a fillip to Indian exports in a range of labour-intensive sectors such as leather, textile, jewellery and processed agri-products. It also aims to double bilateral trade between India and the UK by 2030.

Affirming such views, Gupta of Deloitte India says that FTAs can help the sector to a great extent as the country suffers on custom duty rates. "FTAs or bilateral trade treaties will help in doing away with the uncompetitiveness that we face vis-a-via the competing economies. That is why FTAs are important," he says.

Getting through the crisis

In the meantime, exporters have lined up strategies to tide through this lean period. Pan Overseas' Vij has tried some innovations to diversify its core offerings. "We provide anti-skid treatment to our bath rugs. We imported more specialised machines to improve our quality and got a good response on it. We introduced the product in more colours. This helped us get more market. Besides this, we took our floor covering capability and transformed it into making storage products — essentially baskets and containers. That has given us a tremendous response," he says.

The exporter says they had not thought of such add-ons earlier as floor coverings were running at full capacity. "This was the time to use spare capacity towards more innovative lines. I turned my rug capacity into making baskets."

Home furnishings brand Maspar Living is looking at geographies beyond the US and the UK to capture a wider customer base right now. "We are getting to other markets such as the UAE and Africa. We have a wider customer base across countries and we are consciously looking at that as well," says Abhinav Mahajan, MD, Maspar Living.

With India nursing an ambition to achieve $100 billion in textile exports by 2030, a rehaul of strategies and policies will play a pivotal role in meeting such objectives. A recovery in the sector may not be immediately visible, experts say, but there are reasons to be bullish about the next financial year.

“As inflationary conditions cool off and retailers exhaust their stocks, added by the growing preference of importers to move away at least part of their sourcing from China, Indian textile exporters should see good demand from the second half of 2023,” says Arun Roongta, MD of HGH India, a trade show platform for home textiles, home décor, houseware and gifts.

Source: economictimes.com - Jan 04, 2023

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FTA with UK will enhance competitiveness of Indian textile sector

The Indian textile industry is very eager to see Free Trade Agreement (FTA) in place with the United Kingdom. The industry expects that it will be able to better compete with neighbouring Bangladesh once there is duty-free access to the large garment market. Both India and the UK have indicated that they are working for early conclusion of FTA negotiations.

Last month, Indian commerce and industry minister Piyush Goyal and UK secretary of state for international trade Kemi Badenoch met for the sixth round of FTA negotiations after a gap of more than four months. They directed their negotiators to not to stick with sensitive issues but iron out the differences and move ahead.

"The proposed trade deal with the UK is very important for Indian industry as UK is a large market and Indian textile industry will have duty-free access to the important market. It will provide much needed boost to the industry," Sanjay Jain, managing director of TT Limited and former chairman of the Confederation of Indian Textile Industries (CITI), told Fibre2Fashion. He expects the trade deal to get signed in the first half of 2023.

Indian industry expects the FTA to provide a level-playing field with Bangladesh, which has duty-free access to the UK due to preferential treatment on the basis of its Least Developed Country (LDC) status. Currently, Indian apparel exports to the UK attract around 10 per cent duty.

K Vel Krishna, managing partner of Deiveegam Dyers, had said during a session of CII's Texcon conference held recently in New Delhi, "Proposed FTA with the UK is expected to be landmark development as it can provide better edge to Indian exporters. They will be able to offer competitive prices to UK's buyers. They will also get duty-free access to the market similar to Bangladeshi exporters."

Raja M Shanmugham, former president of Tiruppur Exporters' Association (TEA), told Fibre2Fashion, "FTAs are very important trade arrangements between the trading countries in this era of universal market. The proposed trade deal with UK is important because it will open large consuming market further. It would also be followed with similar trade arrangement with Europe." He said that speedy completion of FTA negotiations with all the prospective trading countries would help the Indian economy too.

K Selvaraju, secretary general of South Indian Mills Association (SIMA), told Fibre2Fashion, "The proposed trade deal with the UK is expected to open doors to an important market. Indian textile sector, more specifically the garment industry, will get a boost as Indian exporters will be able to export there without duty. However, Indian government needs to ensure raw material security. Currently, Indian cotton is costlier than ICE cotton which is paralysing competitiveness of Indian exporters."

As per trade data, India is the fifth largest garment supplier to the UK, while Bangladesh is the second. According to Fibre2Fashion's market insight tool TexPro, UK had imported garments worth $20.889 billion during 2021. With garment supply of $3.019 billion, Bangladesh accounted for 14.45 per cent in UK's total apparel imports. China's share was 21.57 per cent. Turkiye and Italy also had a share greater than India's 5.24 per cent ($1.094 billion) in 2021. Once the FTA is in place, India can expect to improve its share in the UK market.

Source: fibre2fashion.com - Jan 04, 2023

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Huge potential in our new FTAs

The global trade order is undergoing a tectonic shift exacerbated by recent geopolitical events. Most ideas that shaped the world after WWII are being rewritten, and new global alliances are emerging. Following the two world wars, the overwhelming consensus among economists and policymakers across the world was to increase international economic cooperation.

More trade raises the cost of future wars, so it was viewed as a means to achieve global peace. While this philosophy resulted in continuous reductions in global tariffs and increased international trade, recent geopolitical events have reversed this trend. Nations are weaponising trade, which is leading to the formation of new economic blocs around the world.

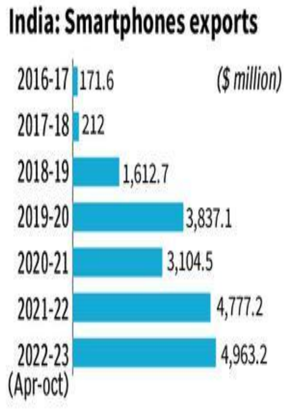
This opens the door for India to integrate into the new global supply chains. India has already begun to reap the benefits of the new global order. For example, consider the manufacturing of mobile phones. India was an importer of mobile phones until recently.

Today, all of Apple's contract manufacturers (Foxconn, Wistron, Pegatron), Samsung, and others have established manufacturing facilities in India, transforming the country into a major mobile phone export hub. While domestic policy reforms such as the Production Linked Incentive (PLI) have significantly aided in developing this domestic manufacturing capability, long-term export growth will depend on our exporters gaining preferential market access.

The following are the primary reasons why India needs to negotiate and sign trade agreements. (i) The PLI industrial policy has increased domestic manufacturing capacity; (ii) Historically labour-intensive industries such as textiles and leather are unable to compete in global markets; (iii) Encourage investment from countries decoupling from China; (iv) Expand India's import base; (v) Integrate into the new global supply chain order that is emerging.

The government launched the ambitious PLI scheme in November 2020 to boost the country's manufacturing sector. The scheme targeted 14 key sectors and implemented a $27-billion incentive scheme to help the country build a solid manufacturing base.

Trade card



India's top export partners ($ billion)

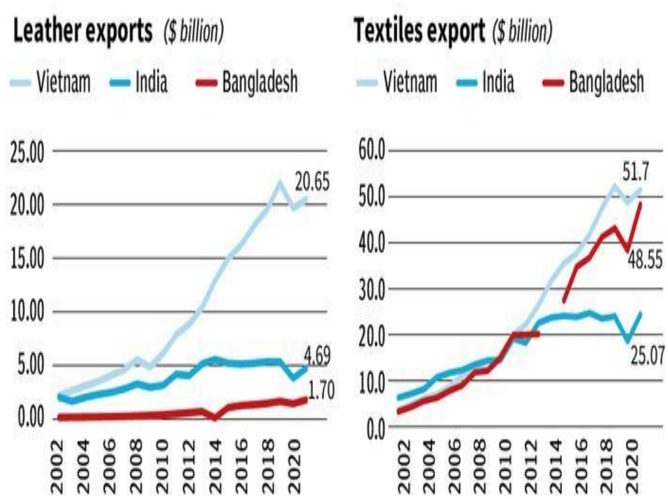
Countries	2020-21	2021-22	% share	% growth
US	51.6	76.2	18.00	47.50
EU 31 Countries	43	66.7	15.80	55.30
West Asia- GCC	27.8	43.9	10.40	58.30

According to reports, the scheme will generate $520 billion in manufacturing output over the next five years. To channel this production into exports, the government should give its manufacturers preferential market access. The lack of an Free Trade Agreement (FTA) with any of its three major export trading partners will pressure manufacturers who want to export their products in the future.

Labour-intensive sectors

As a lower-middle-income country, India benefits from significant labour cost arbitrage compared to other countries. However, due to increased competition from countries such as Bangladesh and Vietnam, its exports of labour-intensive products have suffered.

Furthermore, Bangladesh and Vietnam benefit from preferential tariff rates nearly 10 per cent lower than Indian exports to the most lucrative markets, such as Europe. This has significantly impacted the growth of these sectors, resulting in an outflow of investments from India. An FTA with partners such as the EU can quickly revitalise these labour-intensive sectors and result in massive job creation in the country.



Invite investments

The Covid-19 outbreak and subsequent lockdowns imposed in countries to protect public health priorities exposed the risks associated with global supply chains. Over-reliance on single geography for manufacturing resulted in supply chain shocks that took months to resolve. For example, according to reports, iPhone maker Apple lost $8 billion in revenue due to supply chain constraints. This has resulted in the China+1 strategy being implemented in all boardrooms worldwide.

Signing FTAs will not only provide our partner countries and firms with a stable trade regime but will also signal to the rest of the world that India means business. In the long run, this will bring in investments that could leave China and help strengthen India's domestic manufacturing sector.

India China trade balance ($ billion)

Description	2020-2021	2021-2022	2022-2023 (Apr-Oct)	Overall share (%)
Exports to China	31.3	32.2	14.8	5.60
Imports from China	80.4	113.7	71.6	16.40
Trade deficit	49	81.4	56.8	-

Diversify India's imports

From a macroeconomic standpoint, India has consistently run a current account deficit. Furthermore, India's CAD is expected to worsen this year, possibly reaching -3.0 per cent. A significant portion of the CAD is due to a trade imbalance with China.

While there are no quick fixes for this long-term structural problem, an FTA with like-minded countries will redirect India's imports of certain products away from China and toward more friendly nations. While this may not reduce our overall trade deficit, it could reduce our reliance on some critical Chinese products and protect us from future Chinese import shocks.

The US is attempting to re-establish critical supply chain components within its borders. Europe is developing new energy sources and markets to reduce its reliance on Russian energy. Moreover, the supply chains of developed Asian countries are decoupling from those of China. All of these factors will rewrite the future of supply chains for many existing and emerging sectors worldwide. Most importantly, this will allow India to integrate into these supply chains through customised mutually beneficial FTAs with friendly nations.

Trade is not a zero-sum game. While most Indian researchers focus on trade balance as a single variable determining the success of FTAs, the second-order effects of trade are frequently overlooked. Furthermore, the signing of FTAs should be complementary and be accompanied with proper implementation of structural domestic reforms. Our previous round of FTAs was not accompanied with such reforms.

However, the political vision for FTAs is not only clear this time, but the necessary domestic reforms have already been laid out in the form of PLI, labour code reforms, logistics policy etc. As a result, India is extremely well prepared to capitalise on this window of opportunity in both the international and domestic segments. The signing of FTAs with the United Arab Emirates and Australia demonstrates the government's determination to capitalise on emerging global trends, while also safeguarding domestic interests.

Similarly, the other major trade negotiations must also be completed in a timely fashion to signal to the rest of the world that India is a serious global trade player.

Source: fibre2fashion.com - Jan 04, 2023

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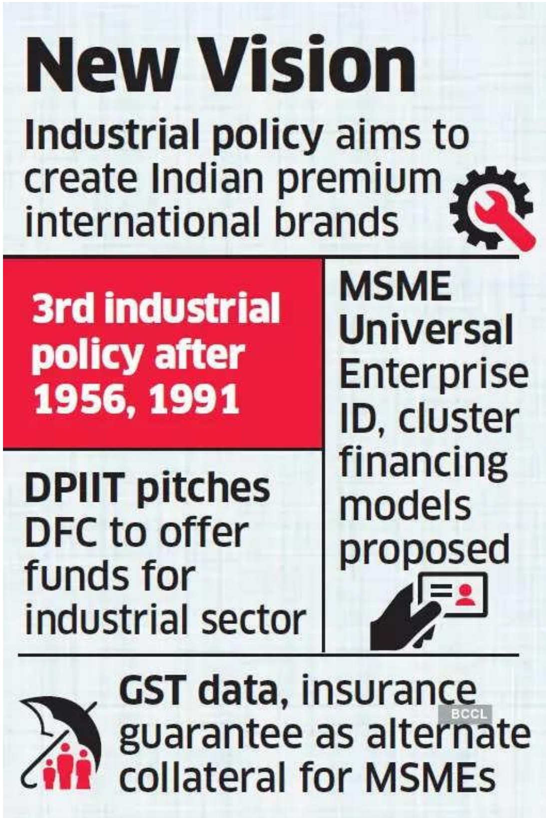
New Industrial Policy aims to focus on One Nation-One Standard

Sustainability, R&D, MSME and ease of doing business for manufacturing are the thrust areas of the country's industrial vision. The draft is still under stakeholder consultation," said an official.



The proposed new industrial policy, which will replace the industrial policy of 1991, seeks to achieve One Nation-One Standard, promote startups in every district, create startup innovation zones at the level of urban local bodies, and incentivise Indian speciality products by creating premium international brands.

The draft policy, made by the Department for Promotion of Industry and Internal Trade (DPIIT), also proposes to create a Universal Enterprise ID for micro, small and medium enterprises (MSMEs) to strengthen their credit rating mechanism and MSME cluster financing models, as it aims to showcase India as an attractive investment destination.

"Sustainability, R&D, MSME and ease of doing business for manufacturing are the thrust areas of the country's industrial vision. The draft is still under stakeholder consultation," said an official.

This will be the third industrial policy, after the first in 1956 and next in 1991.

The Statement on Industrial Policy 2022 has also sought to formulate a policy to enhance the quality of the made in India products by setting up a trade surveillance system, branding of Made in India products, and benchmark the country's metrology system against international systems.

The DPIIT plans to set up a dedicated cell for design and test frameworks for pilot applications and support their patents and commercialisation. On the sustainability front, global champions are sought to be created and the principle of 'polluters pay' to be put in place.

"Foreign direct investment in R&D needs to be encouraged and the focus has to be on high value-added manufacturing activities," the official said.

The department has suggested that MSMEs be allowed to leverage the corporate bond market and their intellectual property rights be accepted as collateral for loans besides promoting shared economy models in critical areas like equipment leasing.

Source: economictimes.com - Jan 05, 2023

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India in the GVC diversification strategy: A reality check

War and pandemic apart, the restructuring of global value chains (GVCs) and their resilience remained the dominant global concerns of 2022. Friendshoring and allyshoring became the buzzwords in an all-out attempt to diversify away from China.

"China plus n" is now the predominant strategy of large multinational corporations (MNCs) as they grapple with the consequences of the US-China stand-off revealing itself along multiple dimensions in the wake of the crisis in Ukraine. In this wave of supply chain restructuring and diversification, India too is hoping to attract MNCs that are in the process of relocating their subsidiary operations.

Trends in supply chain diversification, as they gained momentum over the last decade, show large MNCs having opted for friendshoring as their preferred relocation strategy. Among South and Southeast Asian economies, Vietnam has been in the lead in taking advantage of the opportunities arising from the regional shift in GVCs. Between 2010 and 2018, Vietnam showed a dramatic evolution in the foreign value added (FVA) component of its gross exports and hence its GVC integration.

As against less than 5 per cent for Asia and India, Vietnam registered an annual increase of 17.3 per cent in the FVA component of its gross exports over this period (WTO GVC statistical profiles). This helped Vietnam to register significant gains in its share of global merchandise exports. From a low of 0.5 per cent in 2010, Vietnam's share increased more than threefold to 1.6 per cent in 2020, making it the 20th largest goods exporter in the world. India's share, in contrast, has remained stagnant at 1.6 per cent during this period.

A further reflection of the differential GVC participation of the two economies is evident from the share of manufactured exports, the lead category in global merchandise exports. As against an equal share of manufactured exports in their total merchandise exports (63 per cent) in 2010, Vietnam recorded an increase to 86 per cent in 2020 (which was, notably, also, double the share of 43 per cent at the start of this century for the country), while India's manufactured exports registered only a small increase to 71 per cent in 2020, which was a decline relative to a 78 per cent share in 2000 (WDI, World Bank).

During the pandemic too, as East Asia led the trade recovery in quarters three and four of 2020-21, Vietnam was in the lead in terms of both year-on-year export growth and gains in market share (UNCTAD Global Trade Updates, October 2020 and February 2021).

So, as India pitches itself as an attractive destination for relocating MNCs, a comparison with the lead beneficiary country of this process, namely Vietnam, may be useful.

Foremost among the factors that facilitate MNC relocation is an open trade regime. In the case of Vietnam, the number of free trade agreements (FTAs) that it has signed in the last decade, as well as the nature of partner economies and the depth and coverage of its FTAs, have been major contributory elements towards a conducive and liberal trade environment. Inclusion of WTO++ provisions on trade-related environment and labour issues have been positive signals of Vietnam's commitment to undertake domestic reforms in these areas.

Notably, Vietnam's FTAs include mega regionals like the Regional Comprehensive Economic Partnership, the higher grade Comprehensive and Progressive Trans-Pacific Partnership and the Indo-Pacific Economic Framework trade pillar as well as bi-laterals with advanced economies like the UK and EU and, as a member economy of the Asean, it is party to the regional bloc's FTAs.

INDIA VS VIETNAM

	2010				2021			
Non-agriculture products	Simple average MFN applied	Tariff lines(%) Duty free	0<=5	>15	Simple average MFN applied	Tariff lines (%) Duty free	0<=5	>15
Vietnam	8.7	40.2	18.6	24	8.4	38.6	19.7	21.7
India	9.8	3.1	14.3	6.8	14.9	1.8	4.8	28.5

LPI	2010 Rank	2010 Score	2018 Rank	2018 Score
Vietnam	53	2.96	39	3.27
India	47	3.12	44	3.18

Source: WTO Country Tariff profiles and World Development Indicators (WDI), World Bank

Interestingly, while India has an almost equal number of FTAs, these are not deep trade agreements and, other than Japan and Korea, India has not been party to any FTA with developed economies.

The FTAs with Japan and Korea are under review and that with Australia, signed in 2022, is an early harvest scheme. India also is not a member of any mega-regional trade agreement. Significantly, India continues to be reluctant to include labour and environment-related issues in FTAs, both aspects, among others, are the reasons for the prolonged negotiations, most recently with the EU and UK.

Vietnam’s tariff structure is another indicator of its relatively more open trade regime. Its simple average applied most favoured nation (MFN) tariff for non-agricultural goods is much lower than that imposed by India.

A significantly higher number of tariff lines are included in the duty-free category and in the lowest bracket of 0-<=5 relative to the number of tariff lines in the 15 per cent plus category.

India’s evident protectionist tendencies gaining ground over the last decade are evident from the adverse differentials across these tariff categories (See table).

It is noteworthy that in GVC dynamic sectors, such as electrical machinery and transport equipment, lower average MFN applied tariff and a large number of duty-free lines allow imports of parts and components (as much as 89 per cent in electrical machinery) which in Vietnam facilitate efficient GVC integration in this trade dynamic sector.

Finally, good logistics help efficient movement of goods within and across borders, reduce trade costs and facilitate GVC operations. In the World Bank’s Logistics Performance Index (LPI) over the last decade, Vietnam has registered a significant increase in its score and rank.

In 2018, it ranked at 39 among 160 countries, a major improvement relative to its consistent ranking at 53 during 2007 to 2012. In contrast, India was ranked at 44 in 2018, which was an improvement over its 2010 rank and score but of a much smaller magnitude.

Additionally, Vietnam shows an increase in the score for all components of LPI from 2010 to 2018, while India shows an increase in only two sub-components: Customs clearance and arranging competitively priced shipments.

For the other sub-components, the 2018 score is less than or same as that in 2010. Furthermore, the advantage of the two better performing sub-components also seems to be vitiated by lower scores for both logistics competence and performance on the timeliness of shipment deliveries.

So, while Vietnam seems poised to consolidate its position as the most attractive destination for MNCs diversifying away from China, India needs to undertake substantial catch-up reforms in all areas to be considered a significant contender in this process.

Source: business-standard.com - Jan 04, 2023

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'India, Australia trade pact to open new biz avenues'

The India-Australia Economic Cooperation and Trade Agreement (IA ECTA) is set to open new avenues for business and co-operation. According to Jodi McKay, National Chair, Australia India Business Council, the ECTA will bring both the countries closer, but it will take efforts from both sides to raise awareness and build momentum.

"As National Chair of Australia's leading business Chamber responsible for the country's trade relationship with India, I am eager to see early results from the historic trade agreement between India and Australia which came into effect on December 29, 2022," she said in an official note. Ever since the pact was struck in April last year, Australia hosted eight ministers of the Modi government in comparison, to only three ministers who formerly visited Australia in five years prior to that.

"As a business chamber, we have been overwhelmed by the enthusiasm on the Indian side for early business wins. As well as Ministers, we have hosted many sector delegations and state governments- all keen to secure business and investment outcomes," she said. The challenge, according to her, would be to see that eagerness is replicated on the Australian side.

PMs visit

"With the visit to India in March by Australian Prime Minister Anthony Albanese and this year's Australian visit by the Indian Prime Minister Narendra Modi, we are confident more Australian companies will realise the enormous benefits now available to them," she said.

Acknowledging the widely growing Indian diaspora in Australia, she hoped that Australian businesses will realise the immense business and employment avenues the deal can unfold in the years to come. The Indian government has set a target of growing the two-way trade with Australia from the current $27 billion to $100 billion by 2030, in addition to creating a million jobs in India.

Source: thehindubusinessline.com - Jan 03 2023

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How MSMEs are stepping into the new year with optimism

India is home to over 63 million MSMEs, employing 111 million people, and contributing nearly 30 per cent of the country's GDP.

The micro, small and medium enterprises (MSMEs) stood strong during the Covid-19 pandemic and emerged resilient with new learnings.

A NeoGrowth study evaluates the preparedness and expectations of India's MSME owners as they step into 2023 amidst global volatility.

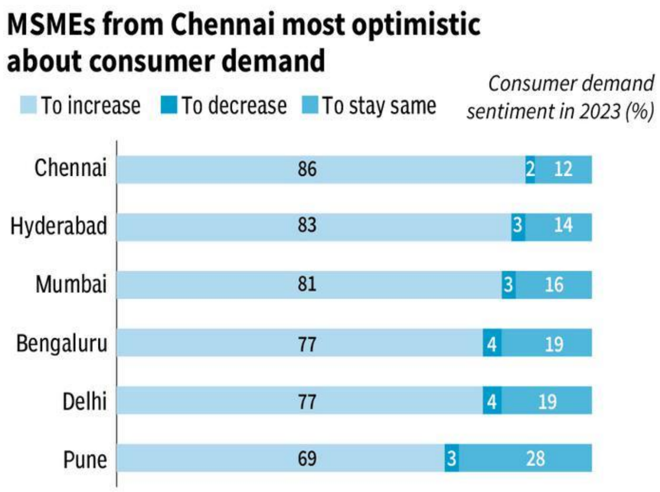
Here are 4 charts that tell the story.

The MSME Business Confidence Study was conducted nationwide with responses from close to 3,000 MSME owners. It aimed to cover the expectations of India's MSME owners across over 25 cities and over 70 business segments

Consumer charm

71 per cent of MSME owners expected an increase in consumer demand in 2023, while 21 per cent of MSME owners felt it would remain the same and only 4 per cent of MSME owners anticipated that it would decrease.

MSME owners in Chennai showed the highest optimism with around 86 per cent expecting growth, followed by 83 per cent in Hyderabad and 81 per cent in Mumbai.

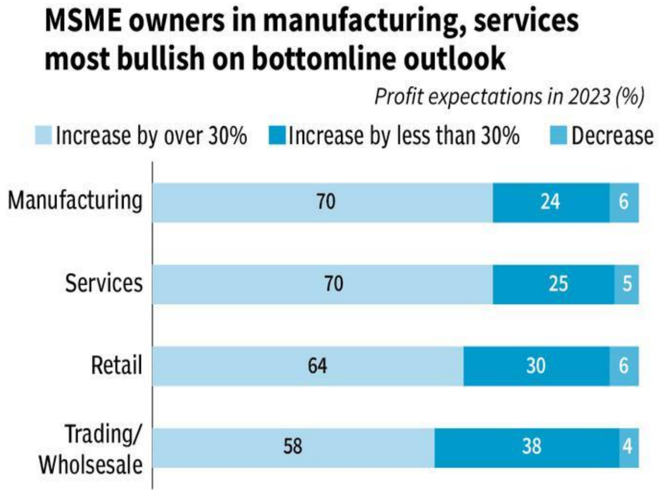


In terms of industry segment, MSME owners in the retail and trading segment said they were positive about a strong consumer demand in the new year. Women-led MSMEs from the trading and wholesale industry anticipated a healthy consumer demand in the coming year compared to other respondents.

Eye on profits

96 percent of MSME owners expected their profits to increase in 2023. Out of these, 66 per cent anticipated profits to rise by over 30 per cent, while 30 per cent of MSMEs felt that it would increase by less than 30 per cent and 4 per cent of the MSMEs surveyed expected business profitability to decrease.

MSMEs in Chennai were most confident about profitability in 2023 with 80 per cent expecting an over 30 per cent increase in profits. In contrast, the profit expectations of MSME owners in Mumbai and Pune were conservative.



According to a FICCI report, the average capacity utilisation in manufacturing is at over 70 per cent, pointing towards an uptick in economic activity. The NeoGrowth study reveals that 70 per cent MSME owners in manufacturing and services segments expect their profits would rise by more than 30 per cent.

Credit demand

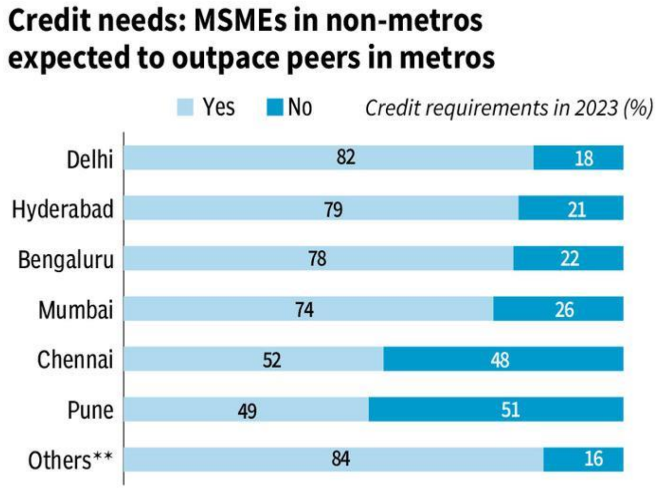
84 per cent of MSMEs in non-metros, largely bucketed under 'others' in the study, said they planned to opt for business loans in 2023.

The accelerated demand for credit from smaller cities signalled MSMEs' business recovery as they require funds for their working capital needs, growth and expansion.

The manufacturing and services industry segments anticipated higher credit demand.

Over 80 per cent of women MSME owners expected to opt for a business loan in 2023.

Given the expectations of a strong consumer demand, the repo rate increase by 225 basis points since early 2022 was unlikely to impact the MSME credit demand in 2023.



Digital push

60 per cent of MSME owners said they planned to step up technology or digital investments in 2023.

The willingness for digital adoption was clearly evident with 38 per cent of MSMEs said that they would focus on online selling, 23 per cent of the owners planning to build a social media presence, and 24 per cent of MSMEs desiring to digitise their accounts and payments to track cash flows in 2023.

MSMEs considered digitally enabled processes, deal terms and minimum documentation as the primary criteria while choosing a lender.

61 per cent of the MSME owners said that they intend to expand their workforce in 2023 with higher hiring expected in the services and manufacturing industry segments. Three out of four Chennai-based MSMEs planned to hire more employees in 2023, the highest in the country.

71 per cent of MSME owners hoped to incorporate sustainable business practices into their businesses in 2023. ‘Elimination of plastic usage’ has stood out as one of the most preferred on the list of sustainable business practices that included energy conservation/ renewable energy, tree plantation, reducing carbon emissions, reducing plastic and paper usage and controlling/ reducing air/ water pollution.

Source: thehindubusinessline.com - Jan 03 2023

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CAIT, other organisations pitch for immediate rollout of e-commerce policy

Traders' body CAIT and other organisations released a five-point "Delhi Declaration" charter on Wednesday, reiterating its demands for the immediate rollout of a robust e-commerce policy and the formation of an empowered regulatory body.

Claiming that the e-commerce spectrum of the country has been vitiated, CAIT Secretary General Praveen Khandelwal told PTI: "We have demanded from the government that the e-commerce policy should be rolled out immediately. Likewise, a national policy for retail trade should also be declared as soon as possible and a Regulatory Authority should be constituted".

We have also demanded that e-commerce rules under the Consumer Protection Act should be implemented, which is pending since three years. There has to be a holistic approach not only for e-commerce but retail trade as well so that there is no overlap, Khandelwal added.

At the Indian Trade conclave organised by the Confederation of All India Traders (CAIT) and associations related to traders, transporters, MSMEs, hotels & restaurants, travel, hawkers, mobile, FMCG, toys, electronics, direct selling, computer media, jewellers, etc. came down heavily on foreign e-commerce companies.

Demanding strong action against foreign e-commerce companies "who are indulging in mal-practices and violation of policy", the representatives at the conclave called upon the Centre to immediately roll out an e-commerce policy and National Retail Trade Policy to protect offline trade.

Source: business-standard.com - Jan 04, 2023

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RoDTEP needs regular review

In a recent report, the Rajya Sabha's Standing Committee on Commerce has emphasised the need for a systematic review of the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme, the government's only export promotion scheme that is also compatible with the rules of the World Trade Organisation (WTO).

This report could not have been better-timed as India's merchandise exports have been facing serious headwinds since the middle of 2022.

During July and November, merchandise exports witnessed a year-over-year decline, a striking contrast to the steep increase that was exports had registered during the FY22. The growth momentum in merchandise exports during the previous fiscal year was significant as the record high level of $422 billion was scaled, the first time that exports had exceeded the psychological barrier of $400 billion.

However, given the slowdown in merchandise exports currently being witnessed, there are doubts whether the previous year's record level can be exceeded by much during this fiscal year.

Click here for more details

Source: financialexpress.com - Jan 05, 2023

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Fiscal boost: State launches Textile Incentive Scheme 2022

KOLKATA: The state MSME department has launched West Bengal Textile Incentive Scheme (WBTIS), 2022, intending to extend fiscal incentives to textile sector industries across the entire value chain starting from fibre to stitched garments, to set up and expand such units in the state. An eligible textile Industry in the state will be entitled to state capital investment subsidy for its approved project which will vary from a maximum of Rs 20 crore to 50 crore and there will be a 100 per cent waiver of electricity duty for 5 years from the date of commencement of production subject to a maximum of Rs 100 lakh per year.

An eligible textile Industry under WBTIS 2022 for its approved project will be entitled to a power subsidy on electricity consumption for 5 years from the date of commencement of production from any licensee power supplier on a reimbursement basis. For garment manufacturing units the subsidy will be to the tune of Rs 50 lakh per annum for 5 years while in types of various manufacturing activities like spinning (short staple and long staple), weaving and knitting, circular knitting, dyeing and processing of fibers, yarn, fabric and garment, technical textile (Agrotech, Buildtech, Indutech, Geotech, and Medi-tech) and non-woven fabric manufacturing, polymerisation, texturising and twisting the upper limit of subsidy will be Rs 1 crore per annum for five years. It will be entitled to reimbursement of 100 per cent of the stamp duty and registration fee paid by it as well as a 100 per cent waiver of fees for conversion and mutation of the land as approved in the project.

"The focus is on accelerated and focused development of the textiles sector across the state and to maximize the utilisation of resources, generate new employment and widen the area of operation to make the state emerge as the preferred destination for investment in the textile sector," a senior official of MSME department said.

The WBTIS 2022 for textiles shall generally apply to industries in the manufacturing and processing of textiles, apparel and technical textiles products which have started production on or after April 1, 2022. However, textile units in the MSME sector will have the option to apply either under this scheme or under the existing "Banglashree" Scheme, 2020, unless notified otherwise.

An eligible textile industry will be entitled to a reimbursement of 50 per cent of the cost of an energy audit undertaken by a certified agency for its approved project.

The reimbursement will be made after the implementation of the recommendations with an upper limit of Rs 2 lakh.

Source: millenniumpost.in- Jan 4, 2023

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UP signs MoUs of Rs 18,590 crore with six companies from UAE

India’s Uttar Pradesh (UP) state government recently signed memoranda of understanding (MoUs) with six UAE-based companies worth ₹18,590 crore ahead of the Global Investors Summit to be held in Lucknow in February. Two UAE-based firms, the Sharaf Group and Hindustan Ports, will invest ₹1,300 and ₹210 crore respectively in logistics parks in the state.

The first series of MoUs will help create over 20,000 jobs, according to the statement released by the state government. The Sharaf Group and Hindustan Ports will generate 1,500 and 1,000 jobs respectively.

Astha Green Energy Venture and Shree Siddharth Infratech and Services will invest ₹4,480 and ₹8,000 crore respectively in renewable energy to create 2,560 and 4,800 jobs.

The Lulu Group will invest ₹4,500 crore in retail and food processing sectors, creating 10,000 jobs, a news agency reported.

Ahead of the summit, eight state government teams visited 16 countries, receiving investment proposals worth more than ₹7.12 lakh crore. The largest share of such proposals worth ₹4 lakh crore was received from the United Kingdom and the United States.

Source: timesofindia.indiatimes.com - Jan 3, 2023

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Demand for South India's cotton yarn improves; export orders up

South India's cotton yarn market witnessed a positive trend today due to better demand and export orders. Gujarat mills received cotton yarn export orders which strengthened the market sentiments. Fine count yarn remained bearish, while cotton yarn of coarse counts saw a price rise in Mumbai. Prices in the Tiruppur market remained steady.

Mumbai market witnessed a mixed trend in cotton yarn prices. Coarse count cotton yarn prices improved by ₹5-10 per kg, but fine count yarn eased by ₹5-8 per kg as domestic demand was weak. A trader from Mumbai told Fibre2Fashion, "There were more buyers for coarse count cotton yarn because of Chinese export orders. Coarse count of combed yarn is mostly exported. More buyers were enquiring after an increase in cotton yarn prices by spinning mills."

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,520-1,550 and ₹1,440-1,500 per 5 kg (GST extra) respectively. 60 count combed warp was priced at ₹340-345 per kg; 80 count carded (weft) cotton yarn was sold at ₹1,450-1,470 per 4.5 kg; 44/46 count carded cotton yarn (warp) was priced at ₹290-295 per kg; 40/41 count carded cotton yarn (warp) was sold at ₹282-285 per kg and 40/41 count combed yarn (warp) was priced at ₹298-305 per kg, according to Fibre2Fashion's market insight tool TexPro.

Buying of cotton yarn increased in the Tiruppur market, but prices remained stable. Traders said that buying was better at current prices and new export orders have improved buyers' confidence. Southern mills had decreased yarn prices on the first day of this year.

Today, 30 count combed cotton yarn was traded at ₹285-290 per kg (GST extra), 34 count combed at ₹300-305 per kg and 40 count combed at ₹310-315 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹255-260 per kg, 34 count carded at ₹265-270 per kg and 40 count carded at ₹270-275 per kg, as per TexPro.

In Gujarat, cotton was traded at ₹61,500-62,000 per candy of 356 kg. The prices further increased by ₹500 per candy in the last two days. According to the traders, farmers were not willing to sell seed cotton (narma) at low prices. Limited arrival and high demand from mills supported cotton prices. The higher prices of narma, which was traded at ₹1,750-1,800 per 20 kg, left ginners in disparity.

Source: fibre2fashion.com– Jan 03, 2023

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Thousands without jobs as recession hits Surat's synthetic textile industry

Surat is the synthetic textile capital of India, 90 percent of the country's synthetic cloth requirement is met by the Surat industry which is now facing an unprecedented recession. A number of dyeing and processing units have shut down leaving thousands of workers jobless. The industry production level can reach a peak only if there is an increase in demand in the domestic market.

According to the Surat Textile Industries data, there were around 485 processing (dyeing and printing) units in Surat city and surrounding areas. It was giving direct employment to 4 to 5 lakh people.

In the last three to four months at least 15 to 20 dyeing and processing units have closed down in Surat, said Jitendra Vakharia, president of the South Gujarat Textile Processors Association. He added that the industry was producing some 4.5 crore meters of cloth but is now producing just 2.5 crore meters of cloth a day.

The reason behind this is that earlier the priority of consumers was 'Roti, Kapda aur Makan', now the priority has changed. 'Roti' is followed by other needs like mobile phones, television sets etc. Earlier women were buying 7 to 8 meter-long sarees, now the demand for sarees has come down. They were buying a dupatta with every dress, now that too is out of fashion, even chudidar pyjamas have been replaced by leggings, because of which there is a sharp drop in the demand for synthetic cloth.

That is not the only reason for the recession, claims Kamran Usmani, general secretary, Indian National Trade Union Congress- Gujarat. According to him illegal dyeing and processing houses are operating in large numbers and because they don't have to pay taxes and other charges, their production cost is quite low compared to units operating with registration with various departments. Due to this unfair competition, many units have closed down in the last few months.

Usmani estimates that at least 70,000 to 1 lakh workers have been rendered jobless, many of whom have returned to their native state. A few years ago these workers used to survive even if they got 18 to 20 days of work, but even 24 days of work is insufficient to survive now because of inflation and increasing cost of living in Surat.

Vakharia says the industry needs the Technology Upgradation Fund (TUF) benefit but the scheme ended last year. It needs to be resumed at the earliest. So far as the consumer demand is concerned, the textile industry needs value added products and products that walk the fashion world, then there is a possibility of an increase in demand and improvement in the situation.

Source: economictimes.indiatimes.com- Jan 03, 2023

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Tamil Nadu Cabinet approves over ₹15,000-crore investment in industrial sectors

The Tamil Nadu Cabinet, chaired by Chief Minister M.K. Stalin, at the Secretariat on Wednesday gave its approval for projects entailing an investment of ₹15,610.43 crore in various industrial sectors.

Briefing journalists after the meeting, Industries Minister Thangam Thennarasu said the proposed investments would generate 8,876 jobs.

The investments, for projects across the State, were particularly in the electric vehicles (EV) sector — both two-wheeler and four-wheeler cell-manufacturing plants, existing automobile units, wireless technology, textiles and an oxygen-manufacturing unit.

When asked about the details of investors, the Minister said it was commercially sensitive information and would be revealed at the time of signing memoranda of understanding (MoUs) in the presence of the Chief Minister.

Mr. Thennarasu said the government had amended the EV policy to extend exemption from road tax for such vehicles.

To another question, he said the Tatas were not on the list of investors cleared by the Cabinet.

The Minister said there were eight projects, which would come up in Krishnagiri, Theni and Pudukottai districts, and areas around Chennai. He said southern Tamil Nadu had attracted a lot of investment. "More investments are coming, particularly in green hydrogen projects. After the commencement of the Kulasekarapattinam spaceport programme, allied industries will come up there," he said.

He pointed out that TATA Power had a major project in Gangaikondan, and said non-leather shoe manufacturing companies were also likely to invest in southern Tamil Nadu.

When asked about the textile park, he said there would be two projects in E. Kumarlingapuram near Sivakasi. "One project is by the Tamil Nadu [government] and the other is by the Union government. They have plans to set up seven mega projects, and Tamil Nadu is likely to get one."

Participation in WEF

Regarding Tamil Nadu's participation in the World Economic Forum (WEF), he said the visit was not just for [attracting] investments, but also to assert the State's place in industrial development. "The WEF is a forum where we will explain that Tamil Nadu is the best destination for investment and [talk about] the availability of facilities in the State. We will meet new investors and the existing investors for expansion," he said.

Reiterating that preference in employment had been given to persons from Tamil Nadu, Mr. Thennarasu said the government had conducted a study, according to which 87% of the jobs were given to persons from the State in every category.

While Tamil Nadu's inherent strength was in the textile, automobile, and leather industries, the State had prepared itself to attract investments in emerging technologies.

"We are attracting investments in EV and Green hydrogen. Tamil Nadu has an important role in sustainable energy. New technology such as Fintech [financial technology] is coming. We have a unique place in the country because of the diversified nature of investment. If there is a decline in one industry, it will be offset by another," he said.

According to the Minister, the EV was very important for future mobility. "Whether [it is] two-wheelers or four-wheelers, we have a supportive ecosystem. We have already secured first place in the country in EV. To retain the place, we evolve policies to adopt the changes," he said.

Source: thehindu.com- Jan 05, 2023

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India's cotton being competitively priced to match global levels

India's domestic textile manufacturers want the Indian government to lower import duty of 11 per cent on cotton to facilitate outsourcing cotton from abroad as locally produced cotton still remains 10 to 20 per cent higher than those produced in other parts of the world. "The rate of Indian raw cotton is 10-20 per cent higher than the international cotton, including the Chinese cotton. This makes Indian spinning mills not to source cotton from India due to the higher rate. At the same time, the Government of India has imposed 11 per cent import duty. This spoils the level-playing field," K Venkatachalam, Chief Advisor, Tamil Nadu Spinning Mills Association (TASMA) said in a recent media interview.

And as per Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF), "Cotton prices have dropped globally since there has been a contraction of about 30 per cent in retail sales of global fashion companies. November-end results show major contraction to the tune of 30 per cent for some global brands in China due to Covid issues." The situation is indeed grim and the Indian government needs to act fast with stimulus packages for the entire textile industry, be it spinning, weaving, fabricating, readymade garments or home textiles.

The current price-led situation has had many manufacturing units working two to three days a week. Their efficiency now stands at 30 per cent. This price difference has also led to many textile manufacturers abandon cotton textiles for manmade fibres.

Aligning price for competitiveness

Indi's cotton output is estimated at around 3.44 crore bales this year and prices will fall as new crops are released in the market. With fall in prices, spinning mills in Gujarat are now working at 70 per cent capacity and the industry is expecting a revival as India's cotton prices are aligning with global rates and cotton yarn export orders are slowly increasing. Recently, China placed substantial order after nearly a whole year of silence as it grappled with its own issues. China's textile exports were valued at $270 billion and domestic consumption at $300 billion and for such a large player encountering challenges and stopping imports first affected the US and later, India. Vietnam and Bangladesh are expected to source Indian cotton as news of its price drop has spiked interest in these countries.

The good news for the textile industry is at that the in the real world of trading cotton, the priced quoted are at least 20 per cent higher than what is officially quoted by the Inter Continental Exchange (ICE) based in New York. At lowered prices, Indian cotton is only 10 per cent more than quoted by ICE and therefore, less expensive than it used to be in November 2022.

The cotton textile industry in India is optimistic but cautious as sustaining export orders through 2023 may be questioned as China continues to struggle with Covid, the Ukraine invasion continues with no end in sight and Europe edging into recession and the US expected to follow.

Source: fashionatingworld.com- Jan 03, 2023

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