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INTERNATIONAL NEWS

USA: What January Jobs Data Says About Retail and the Labor Market

The U.S. labor market could see trouble in the months ahead.

The private sector added 106,000 jobs in January, payroll firm ADP Inc. said Wednesday. That's still considered relatively healthy as annual pay rose 7.3 percent year-over-year. And ADP data indicated that people who changed jobs go themselves a 15.4 percent average pay bump. But the January job gains still came in below the 253,000 in December. Plus, January's increase was significantly below the 190,000 economists had expected, according to a Dow Jones estimate.

ADP chief economist Nela Richardson attributed the decline in January to weather-related disruptions on employment, such as California's record floods and back-to-back storms resulting in ice and snow to the central and eastern U.S..

Service-providing industries led job growth, offset by 3,000 jobs lost in goods production sectors. Within production, construction lost 24,000 jobs, while manufacturing created 23,000. The balance of 2,000 jobs lost came from natural resources and mining. As for services, most of the job gains were in leisure and hospitality, which created 95,000 jobs. Financial services grew by 30,000. However, retail trade—merchandise sold at wholesale and retail—is part of the trade-transportation-utilities group, which lost 41,000.

Retail isn't exactly creating jobs at the moment. A Kohl's reorg last month shed 60 workers at corporate headquarters. Saks.com is dropping 100 tech jobs. The Bay, the e-commerce operation of Canadian department store retailer Hudson's Bay, is also planning corporate layoffs. Other retail layoffs are in the works.

Word surfaced last month that the British fashion e-tailer Boohoo plc is also planning layoffs. Rival Asos will cut headcount as it tries to reverse a financial freefall that saw it lose 31.9 million pounds ($35.8 million) for the fiscal year ended Aug. 31, 2022.

Store closings will also put pressure on retailers' efforts to create new jobs. Fast-fashion retailer H&M said in November that it would cut 1,500 jobs to save about 2 billion Swedish krona ($193.8 million). It's planning to open 100 new stores and close 200 this year. Currently, four locations in the U.K. on are the closure list, with one store each in Burton and Maidenhead already shuttered and one each in Hartlepool and the Isle of Wright about to be closed. "Most of the openings will be in growth markets, while the closures will mainly be in established markets," H&M said. The planned 100 net-store closures are on top of the 145 net-door decreases in 2022, when the company opened 95 new stores and closed around 240 locations.

In the U.S., December saw a sharp rise in job openings, jumping by 572,000 to 11.0 million. That represents the highest level since July. Economists at Wells Fargo noted that openings in retail "leapt 134,000 despite the dismal end to the holiday sales season," although seasonal factors may play a part in the openings. But the "increase was narrowly concentrated in industries where deteriorating demand may be giving employers cold feet about filling open positions," they wrote in Wednesday's report, which noted a "slightly worse mix of separations," as quits edged down and layoffs ticked up, suggesting that the labor market is cooling off. Meanwhile, the nonfarm payrolls report from the U.S. Labor Department is set to be released on Friday. It captures data differently from ADP and results between the two sometimes vary.

So far, signs of easing inflation and possible slowdown in job growth are areas that the Federal Reserve is keeping tabs on to determine the pace of interest rate increases and by how much. On Wednesday, the Fed again raised its benchmark rate, although this time by just 25 basis points. That's the smallest rate hike since the Fed began raising rates in March 2022, suggesting that its moves to tamper inflation are working.

One notable difference in its public statement from prior ones is that the latest job market assessment omitted language indicating that employment gains have been "robust." And while the Fed appears to be scaling back on the rate increases, it also signaled it would continue raising rates but gave no indication on when the hikes might end.

Source: sourcingjournal.com- Feb 02, 2023

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Turkish Manufacturers Ramp Up Sustainability Commitment

It is rare for the heads of several organizations to be in agreement—but that was exactly the case earlier this week at the Raffles hotel in Istanbul. The leaders of Turkey's top industry groups all nodded in green agreement that the best way forward for the country lies in expedited compliance with the European Union (EU) Green Deal.

Drawing up a roadmap for the way forward and the adaptation process of the Green Deal, with 40 action points, and an initial three-month window, with various checkpoints, the group leaders concurred that ideation needed to speed into action.

"We are not trying to market ourselves out as a cheap country. We are trying to sell sustainable products from Turkey," Mehmet Kaya, board member of the Istanbul Apparel Exporters' Association (IHKIB) and head of the Apparel Sector Joint Sustainability Committee, told Sourcing Journal.
More than 60 percent of Turkey's $20 billion apparel exports are to the EU.

The other associations in the discussions included the Aegean Apparel Exporters' Association (EHKİB), Uludağ Apparel Exporters' Association (UHKİB), Mediterranean Apparel Exporters' Association (AHKİB), Denizli Exporters' Association (DENİB), and top managers of purchasing groups and sector representatives for brands.

The European Green Deal is expected to transform the trading bloc into a modern, resource-efficient and competitive economy, ensuring no net greenhouse gas emissions by 2050, economic growth is decoupled from resource use, and that no person or place is left behind. One third of the 1.8 trillion euros ($1.96 million) in investments from the Next Generation EU Recovery Plan will finance the Green Deal. The target is for the EU to become the first climate-neutral continent, according to the European Union's official website.

"We are the third-largest supplier of apparel to the EU," noted Mustafa Gültepe, president, Turkish Exporters Assembly (TİM) and IHKIB. "To protect and increase our market share, we must make our preparations with this fact in mind, and rapidly transform our infrastructure. We have to maximize our green production capacity." The EU announced the Green Deal in December 2019, "'not only as a climate policy but also a designation of an economic transformation program," he pointed out.

But with Turkey in the throes of economic turmoil, where will the money for this transformation come from? Most of the required changes require strong financial commitments.

"We expect our partners to review their purchasing policies and support the financing and investment needs on the production side while they are setting their own sustainability targets. With the projects prepared by IHKIB, we benefit from EU grants effectively," Gültepe said, adding that "with the actions in this document, which is a roadmap for the sector, we are committing to sustainability for our European business partners."

"We're not expecting them to pay us more for nothing, but if they expect the environment to be safe, it has to be supported, so we are expecting brands and companies to be part of this," Kaya added. "For example, we have been moving away from coal to use natural gas and are working towards renewable energy."

Kaya emphasized the need for vital financial support, saying that no company could provide the harmonization process with its own resources. "Quality has a value and value has a cost. The Turkish apparel industry should no longer seek competitiveness over cheap products. Therefore, we need to complete the transformation very quickly. It is also vital to ensure that necessary incentive mechanisms are provided by the EU, thinking of the positioning of the apparel industry of Turkey within the European ecosystem."

Noting that the need for recycled and sustainable raw materials will increase rapidly, he emphasized the need to complete the necessary infrastructure quickly.

The process of enacting this change has taken brain-storming from all stakeholders.

"We believe that we will turn the green transformation process into an opportunity with the partnership approach," Kaya said. "Rather than being just a link in the regular supply chain, we should be an indispensable unit in the 'partnership chain'. Here, the criteria of 'compliance', 'competitiveness' and 'sustainability' come to the fore."

"We have prepared our sustainability strategy and action plan with this understanding. The contribution of all our stakeholders to the study was very important. We set out our targets with a participatory, inclusive and active approach. As a result of our analysis and feedback from the authorities, we gathered the transformation agenda under six components and created 40 actions," Kaya added.

As Turkey weathers intense political and economic changes—inflation has been at more than 80 percent over the last year, with a falling Turkish lira, a shortage of foreign exchange looming, and elections around the corner—manufacturers have good reason to be concerned.

The more than 100 percent wage increase over the last year, and growing input costs pose a threat to the manufacturing sector as well, with many factory owners saying they're running their factories at low capacity, to preserve jobs and prevent a total shutdown.

Source: sourcingjournal.com- Feb 02, 2023

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China: Exporters to get help in expanding order books

China will support its exporters to participate in various business exhibitions abroad and closely cooperate with trading partners to put its foreign trade growth on a firmer footing in 2023, government officials said on Thursday.

Against external headwinds including cooling prospects for overseas demand and lingering geopolitical conflicts, these activities will create more opportunities for China's export-oriented companies, and a series of offline domestic trade fairs, like the China Import and Export Fair, or Canton Fair, in Guangzhou, Guangdong province, will be fully resumed this year, they said.

Addressing a news conference in Beijing, Li Xingqian, director-general of the department of foreign trade at the Ministry of Commerce, said the government will support the innovation of new foreign trade formats like cross-border e-commerce and overseas warehouses, to reinforce the competitiveness of the country's foreign trade.

China's goods trade surged 7.7 percent year-on-year to a record 42.07 trillion yuan ($6.26 trillion) in 2022, making the country the world's largest trader in goods for the sixth successive year, said the General Administration of Customs.

After years of upgrading and growth, Li said that high-tech, high value-added and green transformation-related products have become new growth engines for Chinese exports.

For example, China saw exports of electric vehicles and photovoltaic products soar 131.8 percent and 67.8 percent on a yearly basis, respectively, in 2022, while its exports of lithium batteries jumped 86.7 percent from the previous year.

With China entering a new era of green and innovation-led growth, Chinese manufacturers from many industries have begun to export more high-end products ranging from electric buses to liquefied natural gas carriers and regional passenger jets, said Wang Xia, vice-president of the China Machinery Industry Federation in Beijing.

Wang said that compared with countries in Southeast Asia or other parts of the world, China has a complete supply chain support system. The country, backed by its capacity scale advantages, is capable of delivering goods within a short period and meeting overseas clients' demand for short-term replenishment of inventories.

Guo Tingting, vice-minister of commerce, said the government will continue to ensure the smooth implementation of the Regional Comprehensive Economic Partnership agreement, promote the continued benefits of the agreement, highlight the positive role of the pact in stabilizing foreign trade and foreign investment, as well as strengthen supply chain cooperation with related parties in the next stage.

With the pact coming into force on Jan 1, 2022, the RCEP comprises 15 Asia-Pacific countries, namely 10 member economies of the Association of Southeast Asian Nations and five other trading partners — China, Japan, South Korea, Australia and New Zealand.

Yang Tao, director-general of the comprehensive affairs department under the Ministry of Commerce, said that to expand cooperation, manage differences and push bilateral economic and trade cooperation forward, Commerce Minister Wang Wentao and Australian Trade and Tourism Minister Don Farrell will hold talks via video link next week.

The two sides will discuss China-Australia economic and trade relations and business issues of mutual interest, said Yang.

Source: chinadaily.com.cn- Feb 03, 2023

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Contamination & stickiness decreasing in cotton globally: ITMF Survey

Cotton Contamination Survey 2022 by the International Textile Manufacturers Federation (ITMF) shows that the level of contamination of raw cotton by foreign matters and stickiness have decreased compared to 2019. At the same time the appearance of seed-coat fragments has remained the same. The survey reveals significant differences between cotton varieties.

The Cotton Contamination Survey n°16/2022 covered 104 spinning mills located in 21 countries which evaluated 78 different cotton growths, ITMF said in a media release.

The level of cottons moderately or seriously contaminated as perceived by the spinning mills from around the world dropped from 25 per cent in 2019 to 22 per cent in 2022. A closer look at the extent of the contamination shows that 6 per cent of all cotton evaluated were seriously contaminated by some sort of foreign matter whereas 16 per cent were only moderately contaminated.

As the summary data are arithmetic averages of the different contaminants, the extent of contamination is fully illustrated by the results for the individual contaminants. They range from 5 per cent of all cottons processed being moderately or seriously contaminated by 'tar' to 43 per cent of them being moderately or seriously contaminated by 'organic matter', i.e., leaves, feathers, paper, leather, etc. Other serious contaminants are 'strings made of plastic film (31 per cent), 'fabrics made of plastic film' (39 per cent), 'strings made of woven plastic' (30 per cent) as well as 'inorganic matter - sand/dust' (29 per cent).

The 10 most contaminated cotton descriptions considered for the survey originated in India (India-Others, MCU-5, DCH, Shankar-4/6, J-34), Pakistan (NAIB, MNH93), Afghanistan, Togo and Tanzania (Coastal). The 10 least contaminated raw cottons were produced in Spain, China (Anhui, Shandong), Australia, US (Memphis Territory, Pima, Arizona, South-Eastern) and Mexico (Juarez).

The presence of sticky cotton as perceived by the spinning mills has been decreasing for almost 10 years (i.e., 23 per cent in 2013 vs 12 per cent in 2022) and remains at the lowest level since 1989. The 10 descriptions that were most affected by stickiness originated from Afghanistan, the US (Pima, Arizona), Tajikistan (Medium Staples), Cameroon, Brazil, Argentina, India (DCH), Sudan (Barakat) and Zimbabwe. On the other end of the range, cottons from Pakistan (MNH93), China (Shandong, Anhui, Hebei), Greece, South Africa, Mozambique, Sudan (Sudan-Others), the US (Memphis Territory) and Uganda were not or hardly affected by stickiness, the release added.

The appearance of seed-coat fragments in cotton growths remains an issue for spinners around the world. About 33 per cent of all cotton growths consumed contained moderate or significant amounts of seed-coat fragments (same as 2019). The 10 origins most affected by seed-coat fragments are Afghanistan, Pakistan (MNH93, NAIB), India (MCU-5, DCH, Shankar-4/6), Tanzania (Coastal), Egypt (Egypt-Other), Turkiye (Turkiye-Other), and Togo. The 10 cotton growth with the least presence of seed-coat fragments are Sudan (Sudan-Other, Barakat), Cameroon, Australia, Greece, Spain, China (Shandong, Hebei, Anhui), and Mexico (Mexico-Other).

Source: fibre2fashion.com - Feb 02, 2023

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Three Years of Brexit: Impact on UK Trade

February 1, 2023, marks the third anniversary of the day that Britain formally left the European Union. Brexit always came with the promise of massive legal realignments as Britain was, after all, cutting ties with the world's most deeply integrated economic region after 45 years of membership.

Since so many of the legal provisions that came with EU membership concerned international trade, commentators have focused on how Brexit would impact the UK's ties to the international economy. Before Brexit, Britain enjoyed the benefits of being part of the European Single Market. No import duties or quotas applied to trade with any of the 27 other market members. The EU had also provided clear tariff rules under which Britain traded with the rest of the world.

With Brexit, however, Britain was excluded from the single market and a hard legal border grew up between the UK and the continent. Further, it was no longer party to the tariff's negotiated between the EU and the globe.

Three years on, how have these changes affected international trade in British goods and services?

Drop in Value of UK Exports to the EU

The most immediate effect of Brexit on trading was that UK exports to the EU declined. Researchers at Aston University found UK exports to the EU fell by an average of 22.9 per cent in the first 15 months after its departure from the bloc, between January 2021 and March 2022.1

EU data paints a similar picture of UK exports declining by nearly 14 per cent in 2021 compared with 2020 before it left. The study took into account the impact of the pandemic.2

However, an even more pronounced change was the dip in the value of UK exports to the EU.3 Experts think that this is due to the increased fixed costs of exporting to the EU, knocking out many small companies.4

The Trade and Cooperation Agreement

What makes post-Brexit rules so onerous to smaller exporters? It all goes back to the new trade agreement between the EU and the UK. The first change in Britain's post-Brexit international trading relationships came with the Trade and Cooperation Agreement—the law that governs future ties between the UK and the UK.

The Trade and Cooperation Agreement came into force from January 1, 2021. Although the law upholds some EU-era free trade benefits for the UK, such as ensuring that UK-EU trade is tariff and quota free, it placed new customs and regulatory borders on the border between the regions.

Thanks to the new customs check imposed on goods leaving the UK for the EU, English manufacturers were now saddled with new bureaucratic procedures. This is heavily ironic given how the leave campaign consistently played up EU red tape as a reason to exit the union, arguing that laws emanating from Brussels make it harder for UK businesses to operate.

In 2021, a group of researchers from the universities of Glasgow and Birmingham interviewed senior executives in the English midlands manufacturing sector on the impacts of the new trade agreement between the EU and the UK.

One respondent said that providing full export documentation on goods leaving for the EU was the biggest rupture that came with Brexit: "Overnight we have from frictionless trade to full export documentation. This is a fundamental change in the system."

What makes this extra documentation so cumbersome for businesses is the constant possibility of human error, they said "There is going to be other people [..] up and down the supply chain making errors, adding compound things to the issue of capacity at the borders." Order delays due to errors mean a loss of business, translating into a loss of competitive advantage.5

UK Buys Fewer Goods from the EU

Another big post-Brexit shift has been the drop in UK imports from the EU. EU exports to the UK declined by around 25 per cent relative to rest-of-the-world imports to the UK.6 The dip shows up clearly in UK figures on where it is sourcing its imports. In 2021, the share of total UK imports originating in the EU fell 58 per cent to 45 per cent.7

These figures are likely due to the UK choosing instead to trade more with the non-European world.

Nonetheless, the EU remains the UK's largest trading partner in absolute terms. Around 42 per cent of all UK exports went to the EU in 2021 – a testament to its proximity and the long-term trading ties that the two regions have enjoyed.

Trading Outside the EU: Rollover Deals and WTO Rules

If the UK is trading more these days with the rest of the world, how have the non-European trading relationships changed?

When the UK was part of the EU, the UK was able to operate under EU's blanket MFN tariff schedule. Under this schedule, the EU had done all the legwork for the UK in terms of defining the country's trading relationship to the rest of the world.

Now that the UK is no longer party to this blanket tariff schedule, the country has embarked on the laborious process of negotiating individual deals with every other economic entity that it trades with.

Much to the relief of businesses, the UK was able to simply roll over its EU free trade arrangements with 69 non-EU countries post-Brexit.8 Of course, the UK is now party to these new standalone agreements as a sovereign entity.

However, there remains all the other countries that the UK has not rolled over its EU trading relationships with. Further, the rolled over EU agreements are only temporary measures – more permanent and favourable deals are in the UK government's pipeline.

The UK has a long list of countries which with it wants to hammer out post-Brexit trading agreements. The government's priorities are now in progressing negotiations with India, Canada, Mexico, Israel, and the Gulf Cooperation Council.

Canada is one of the countries that Britain managed to rollover its EU trading agreements with, but this is only a temporary fix. Canada and the UK want a customised and "more ambitious"9 agreement worked out in the near future.

The UK is also vying to reach a deal with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which is a regional economic bloc much like the EU.

Because the UK so far has worked out only a limited number of customised, individual trading agreements with other nations,10 it is currently trading with much of the world under WTO rules. WTO trading rules are the default state that economic exchanges between nations revert to if they have not made specific trading arrangements among themselves.

New Deals: Australia and New Zealand

There are two countries that the UK has already managed to sign custom bilateral trading agreements with: New Zealand and Australia. These are the only nations that the UK has struck agreements with that are totally independent of EU-era rules.

Australia's deal came first. Signed on December 17, 2021, the 32-chapter agreement covered everything from digital trade to intellectual property and agriculture.

The most politically controversial part of the Australia free trade agreement (FTA) has been its new rules for agricultural trade. Although the UK government says these will happen slowly, most British farmers remain unconvinced that the new arrangements work in their favour.

The National Farmers' Union (NFU), the UK's largest agricultural industry association, released a statement in April 2022 arguing the FTA "opens up UK agricultural markets for Australian produce, whether or not produced to the same standards that are legally required of UK farmers."11

The NFU fears cheaper goods made under more lax Australian regulatory standards will flood the market, depressing prices for UK agricultural products which must meet more stringent legal criteria.

The NFU was similarly critical of the UK's new FTA with New Zealand, signed February 28, 2022, which eliminated tariffs for New Zealand's products. It said the FTA will disadvantage UK farmers.

The NFU stated that "UK farm businesses face significantly higher cost of production than farmers in New Zealand", meaning they will not be able to compete on the open market with the nation's goods.

The New Zealand and Australia trade agreements are not yet in force (as of writing this article): They must be inspected first by the UK Parliament before kicking in.

The Position of Northern Ireland

Northern Ireland occupies a unique position in the post-Brexit landscape. Because of profound historic tensions between Northern Ireland and the Republic of Ireland, negotiations after Brexit have focused on avoiding a hard border appearing between the latter (still part of the EU) and the former (governed by the UK Parliament and therefore no longer an EU member).

EU-UK negotiations sought to avoid a hard border between Northern Ireland and the Republic of Ireland by agreeing there would be no new checks on goods crossing the border between these regions. In effect, Northern Ireland is still subject to many EU laws.

Textiles and Apparel

The same story is playing out in the textiles and apparels industry, with the sector facing new administration burdens and their associated costs if they want to continue reaching the European market.12

The EU is by far the largest export market for UK fashion and textile imports, absorbing 74 per cent of the sector's goods sold abroad in 2016. Equally, the UK was (and remains) the biggest export market for EU textiles and clothing.13

It is unsurprising then that UK clothing and footwear was one of the sectors hardest hit by the break from Europe.14 Between 2015 and 2019, there was a 6.45 per cent drop in total imports of textile and clothing. Although the UK had not formally exited the EU in this period, the massive uncertainties already in place over what new trading regulations businesses would face are thought to have dented international exchange in clothing commodities.15

This is mainly to do with the fact that the new trading agreement between the EU and the UK only waives tariffs if the products are of UK origin. In the garment trade, where supply chains are globally extended, very few products marketed from the UK fulfils this criteria.

Another trend was in force with regards to the UK textiles trade. While there were less textiles imports from EU countries, there were more form non-EU countries.16

The EU sector also suffered from Brexit. Between January and September 2021, the EU lost more than €3.4 billion, according to trade data.17

Statistics for the year 2022 are set to paint an even gloomier picture, because it was only on January 1, 2022 that the full set of new customs controls were implemented. Now, products must already have a valid declaration secured and have received customs clearances.18

Brexit's Impacts Yet to Play Out

An important point in all this is that the full impacts of Brexit on trade are yet to play out. This is particularly because Brexit, the pandemic slowdown, and post-pandemic inflation all happened in quick succession, making their impacts on trading patterns very difficult to disentangle.

The full impacts of Brexit will also be contingent on the terms that Britain manages to negotiate in its own trading deals with much of the world's countries.

What does seem clear is that Brexit is not working for smaller businesses. While large multinationals working at vast economies of scale can absorb the added costs of new border rules, not all companies can do so.

A December 2022 survey by the British Chambers of Commerce, whose respondents were 92 per cent from small and medium enterprises, made this clear. Over half say they were facing difficulties adapting to new rules for trading goods.

In a large survey on the fashion value chain in the UK conducted between June 2019 and January 2020 sponsored by the UK Fashion and Textile Association, over 60 per cent of firms reported that the uncertainty around Brexit was affecting them.19 Only 4 per cent, on the other hand, reported a boost from an increase in UK orders from retailers switching to local products to sidestep the new regulatory regime at the EU border.

The UK fashion industry is bracing itself for more headwinds over the coming years with raw material inputs refusing to return to pre-pandemic and pre-Ukraine war levels.

Source: fibre2fashion.com- Feb 02, 2023

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China's online retail sales surge 4% to 13.8 trn yuan YoY in 2022: NBS

Online retail sales of China surged by 4 per cent year-on-year (YoY) to 13.8 trillion yuan (approximately $2.04 trillion) in 2022, according to the data by National Bureau of Statistics (NBS).

In 2022, the country's central and northeast regions observed an expansion of 8.7 per cent YoY and 13.2 per cent, respectively, in online retail sales.

China's online retail sales in its western and eastern regions saw an increase of 3 per cent YoY and 3.8 per cent YoY, respectively, in 2022.

The country's cross-border e-commerce trade in 2022 increased by 9.8 per cent, reaching 2.11 trillion yuan, as per the commerce ministry of China.

Furthermore, China's online retail sales of physical goods saw a YoY increase of 6.2 per cent in 2022, reaching 11.96 trillion yuan and contributing to 27.2 per cent of the country's total retail sales.

E-commerce sales via livestreaming observed a rapid growth, with livestreaming marketing activities reaching above 120 million, the ministry further stated.

Source: fibre2fashion.com- Feb 02, 2023

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Textile staples market to be worth $275.48 billion by 2032: Study

Natural staple fibers are driving this sub-sector within the textile industry as a sea change is being witnessed in terms of fabric preferences. Eco-conscious consumers, especially the millennials and Gen Z, the largest consumer groups worldwide are clear about their eco-friendly choices and the industry is trying to live up to consumer demands. As per a Future Market Insight Report, since 2022, the sub-sector of textile staples is witnessing a promising growth with sales projected to grow at 5.5 per cent. The market at present is pegged at $161.2 billion and is expected to touch $275.48 billion by 2032.

Growth momentum post-Covid

Growth is attributed to widespread consumption of textile staples in several end-use industries such as apparel, general and leisure, sportswear, interior flooring, and others is expected to push the sales during the forecast period. On historical analysis of the worldwide textile staples the report states, it grew at 5 per cent CAGR between 2012 and 2021 but has gained greater momentum since last year. Although natural fiber staples is the growth driver, synthetic textile staples will continue being in the lead during the forecast period up to 2032.

Apparel sector biggest user

In terms of application, 50 per cent of the total sales will continue to be in this sub-sector from apparel manufacturing. Use of textile staples in the apparel manufacturing sector in itself would register a 3.6 per cent growth annually. It is anticipated interior flooring will soon grow to be the second largest contributor in sales of textile staples. Not surprisingly, like most sectors related to end use of fabrics, the Asia Pacific region including Japan will be the single largest production cluster. Additionally, the healthcare sector is turning out to be another market of opportunities.

Some top manufacturers who are globally prominent in their own right include E.I. Du Pont de Nemours and Company, Lenzing AG, International Fibers Group, Invista, Thai Acrylic Fiber Co. Ltd. (Aditya Birla Group), Toray Group, Chori Co., Ltd., W. Barnet GmbH & Co. KG, Cellulose Cotton Wool Corporation of India, Teijin Frontier Company

Ltd., Belgian Fibers SA, Grasim Industries, Indorama Ventures Public Company, Reliance Industries, Synthesia AS and the Woolmark Company.

These proactive players are setting up production units in emerging economies to pave way for greater cost efficiencies and profit maximization with such units. Many textile manufacturers are shifting from manufacturing generic products to niche technical textile products as currently it's a playing field with less competition. The game is about higher volumes of cheap textile staples that can easily cater to the growing demand and also create usage growth in other segments because of its cost efficiencies. Manufacturers in the US are focusing on catering to the healthcare industry with such technical textile staples and setting up manufacturing units in South and South East Asia.

Phenomenal sales since 2022

Natural staple fibers are experiencing a surge in usage with cotton, jute and wool remaining popular preferences. Demand for natural and eco-friendly textiles is anticipated to surge because the consumption of synthetic staple fibers negatively impacts the environment. However, synthetic staple fibers such as viscous rayon continue being extensive among end users. Prominent companies are producing one of the most popular synthetic fibers, polyester, in a sustainable manner. PET bottles and polyester waste is utilized to create recycled polyester staple fiber. Among several other things, recycled polyester is utilized in carpets, pillows, blankets, and high-end cushions.

Reports suggest, India has so far invested $2.5 billion towards setting up facilities to manufacture both, synthetic and natural staple fibers.

Source: fashionatingworld.com- Feb 02, 2023

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Vietnam wants textile, garment, footwear exports to hit $80 bn by 2025

The textile, garment and footwear sectors in Vietnam aim to achieve exports worth $77-80 billion in 2025 and $106-108 billion in 2030, according to the government strategy for the development of the textile-footwear industry. They will encourage production of fabrics from domestic yarn to reduce imports, and form a complete regional supply and value chain.

The textile and garment industry expects export turnover to reach $50-52 billion in 2025 and $68-70 billion in 2030, according to the strategy document.

The strategy states that developing the fashion industry is considered a new direction. Accordingly, this sector will focus on developing designers, and raw material supply, production and distribution systems to form supply chains and create sustainable foundations for the development of the domestic fashion industry as well as fashion centres in Hanoi and HCM City.

The strategy encourages enterprises to gradually switch their production methods to free-on-board (FOB) and original design manufacturer to add value to products, and build a private brand to improve the competitiveness of the businesses and products.

The textile and garment industry strives to have a localisation rate of 51-55 per cent in 2021-2025 and 56-60 per cent in 2026-2030.Domestic leather and footwear enterprises need to actively adapt to market requirements on sustainable product development standards, Nguyen Duc Thuan, chairman of the Vietnam Leather, Footwear and Handbag Association (LEFASO), told a domestic media outlet.

The strategy also mentions the role of state management agencies in encouraging enterprises to invest in producing fibre, yarn, textile and dyeing with advanced technology and connections with domestic garment enterprises.

Source: fibre2fashion.com- Feb 02, 2023

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Dollar shortage affects mills and spinners in Bangladesh

Textile mill owners and spinners in Bangladesh are finding difficulties in opening letters of credit to import raw materials and cotton.

This is because of the ongoing dollar shortage in the banking sector of the country. Banks are taking more time than usual, ten to 15 days more,to open the letters of credit. Businesses have expressed apprehensions this may affect the import of raw materials such as dyes, chemicals, viscose, staple fiber and cotton, which are considered vital for manufacturing garments that are exported.

When the currency began sliding against the dollar textile and readymade garment exporters in Bangladesh were supposed to gain from the development. But the reality turned out to be different for them as they saw lower profits or even losses.

Bangladesh's currency depreciated by about 25 per cent against the dollar between February and September, driven by the Russia-Ukraine war.A currency depreciation, if orderly and gradual, usually improves a nation's export competitiveness, but exporters in Bangladesh could not make the most of the depreciation since they had to buy dollars at a higher price while opening letters of credit to import raw materials needed to serve the global markets.

Most textile and apparel manufacturers in Bangladesh purchase raw materials from international markets and they have had to pay higher prices while opening letters of credit.

Source: fashionatingworld.com- Feb 02, 2023

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Bangladesh's textile-RMG workers not ready for green shift: Finnwatch

Workers in Bangladesh's readymade garments (RMG) and textile industry are not ready for the green transition, according to a report recently published by the Finnish business and human rights organisation Finnwatch, which has demanded swift action to ensure that transition is just for the workers, as companies must reduce their emissions at an accelerating pace.

The report, based on interviews with clothing and textile industry workers and non-governmental organisations, paints a bleak picture of the workers' resilience and ability to adapt to the upcoming changes in the clothing and textile industry.

Discussion about climate action in the clothing industry, and the upheaval that it is likely to cause, is only in its infancy in Bangladesh. Most of the workers interviewed didn't even know what climate change means, said Finnwatch researcher Anu Kultalahti.

Although the concept of climate change was not familiar to the interviewed workers, the workers still talked about the numerous ways in which climate change already affects their lives. Rising temperatures, droughts, floods and heavy rains were all present in the workers' testimony.

Workers from the countryside are constantly flowing into the cities where factories are located. The workers we interviewed said that without jobs in the clothing and textile industry, they would be left with nothing, said Kultalahti.

Workers interviewed received a salary that is insufficient to afford a decent standard of living, and from which nothing can be put aside for the future.

The workers live from hand to mouth, and the raging inflation in Bangladesh has made it even more difficult for them to make ends meet. There is no unemployment insurance, and the various state social security schemes are fragmented and ineffective.

The production interruptions that the COVID-19 pandemic caused in the spring of 2020 exposed these shortcomings starkly, as the furloughed and dismissed workers were abandoned and left to cope on their own, Finnwatch said in a release.

The upcoming textile strategy of the European Union, the corporate sustainability due diligence directive that is currently being negotiated, and the stricter corporate sustainability reporting requirements that have already been passed will all contribute to the much needed changes in the clothing and textile industry, it noted.

The industry must cut its emissions to net zero and adopt business models based on circularity, at the same time as automation increases. These changes have been estimated to lead to jobs being moved closer to the consumer markets.

Finnwatch urges companies in the clothing and textile industry to adopt and implement plans for science-based emission reductions covering their entire value chain and for achieving net zero. At the same time, these plans must involve and be inclusive of workers' perspective to mitigate the harmful effects that the transition could have on them.

The project received financial support from Finland's development cooperation funds. The interviewed workers worked in factories that produce clothes for the European market. In the making of the report, Finnwatchin collaborated with the Awaj Foundation, a Bangladeshi labour rights organisation.

Source: fibre2fashion.com- Feb 02, 2023

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NATIONAL NEWS

Textile industry welcomes efforts to promote ELS cotton

The textile and apparel industry has welcomed the budget announcements on Wednesday as pragmatic.

The Southern India Mills' Association has said that it will take steps to implement the scheme announced in the budget to increase productivity of Extra Long Staple (ELS) cotton.

According to Ravi Sam, chairman of the association, since the introduction of Bt technology only for long staple cotton varieties, the textile industry started facing shortage of ELS cotton. The industry's requirement of ELS cotton annually is around 20 lakh bales while the country produces only five lakh bales and heavily depends on imports of superior quality ELS cotton.

T. Rajkumar, chairman of Confederation of Indian Textile Industry, said the textile industry "eagerly looks forward to further details of the policy" regarding promotion of ELS cotton production. The government has identified five new HS Codes for cotton, for further classification of cotton as per staple length. "This will help calibrate policy support for the segments which are import dependent or need further incentivisation," he said.

Chairman of Cotton Textiles Export Promotion Council Sunil Patwari said the announcements in the budget will bring major relief for MSMEs in the textile sector, helping them steadily compete in the global markets. However, he appealed for inclusion of cotton yarn among the list of 410 items that are eligible for interest subvention.

K.M. Subramanian, president of Tiruppur Exporters' Association, said the priority given for infrastructure development "will go a long way for reduction of logistics cost, a major need for the exporting units."

While welcoming the increased budget allocation of ₹900 crore for ATUF Scheme for 2023-2024 against ₹600 crore allocated in 2022-2023, he hoped the increased allocation will clear pending claims of the scheme. But, there is no announcement on continuance of ATUF scheme, he said.

According to A.C. Easwaran, president of South India Hosiery Manufacturers' Association, the proposals for digital lockers for MSMEs, malls to display products of one district one product scheme, etc., will support MSMEs in the textile sector.

Source: thehindu.com - Feb 01, 2023

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Consider cotton yarn in interest subvention scheme: Texprocil

The Cotton Textile Export Promotion Council has urged the Centre to include cotton yarn in the list of 410 items selected for interest subvention.

Sunil Patwari, Chairman, Texprocil, said the Budget had increased the allocation under interest equalisation scheme by 23 per cent to ₹2,932 crore against ₹2,376 crore made last year. This will support exporters, particularly the MSMEs, on the back of rising interest rate trend. However, he appealed to the government to include cotton yarn among the list of 410 items which are eligible for interest subvention.

The increase in allocation for the Market Access Initiative Scheme from ₹160 crore to ₹200 crore for next fiscal will help showcase the Indian textiles in global markets, he added.

Relief for MSMEs

The reforms announced in the Budget will bring major relief for MSMEs in the textile sector, helping them to steadily compete in the global markets, he added.

The move to create new tariff lines for several products including cotton will facilitate trade. Similarly, the productivity of Extra Long Staple Cotton shall be enhanced through a cluster-based and value chain approach adopted by the government through Public-Private Partnerships will mean form collaboration between farmers, state and industry for input supplies, extension services, and market linkages, he added.

The steps taken to minimise regulatory compliance burden will improve Ease of Doing Business for industry, he said.

Source: thehindubusinessline.com - Feb 02, 2023

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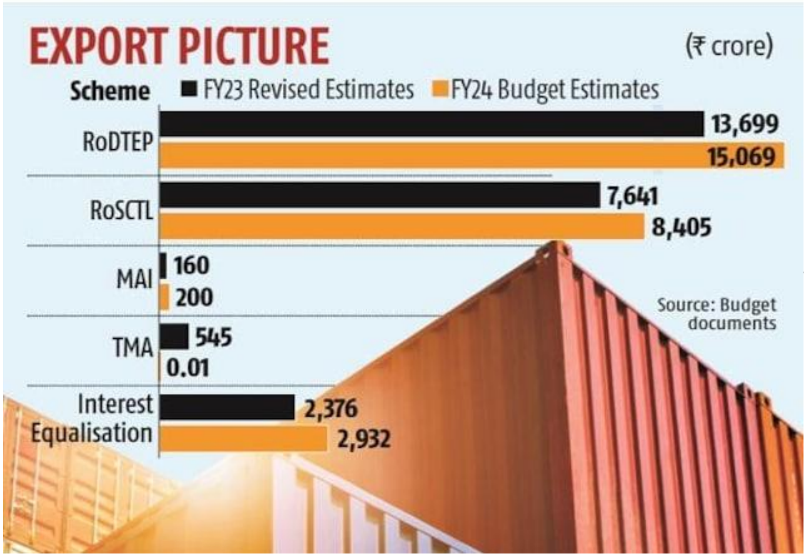
Budget 2023: Allocation to schemes for boosting exports increased

The Union Budget 2023-24 has increased the allocation for some key export-boosting schemes, at a time when tepid external demand from developed economies are weighing on outbound shipments from India.

Allocation for the commerce department's key Remission of Duties and Taxes on Export Products (RoDTEP) scheme has been increased by 10 per cent, from Rs 13,699 crore in 2022-23 to Rs 15,069 crore in the next financial year.



Rebate of State and Central Taxes and Levies (RoSCTL) — a similar scheme for garments and made-ups — the total outgo from the Centre will be Rs 8,405 crore in 2023-24, up from Rs 7,461 crore.

Both schemes aim to refund to exporters the embedded non-creditable central, state and local levies paid on inputs. These taxes were not refunded earlier.

The allocation for the interest equalisation scheme has been hiked by nearly a fourth to Rs 2,932 crore in 2023-24 from Rs 2,376 crore in 2022-23. The scheme provides subsidies for pre- and post-shipment export credit and mostly covers labour-intensive sectors.

Apex body for exporters Federation of Indian Export Organisations (FIEO) said the move will help support exports, particularly by MSMEs. The increase in allocation may result in increasing the subvention support as demanded by the exporters in view of rising interest rates.

"While the increase in allocation for the MAI (market access initiative) scheme from Rs 160 crore in 2022-23 to Rs 200 crore in 2023-24 is a welcome one, this may not be adequate as the global trade shows are increasingly giving opportunities for showcasing, which needs to be exploited.

A planned scheme for aggressive overseas marketing may be notified with a sizeable corpus to encourage exporters to showcase globally," FIEO President A Sakthivel said.

According to the survey, the outlook for merchandise exports will remain flat if global growth does not pick up in 2023. On the brighter side, robust services exports are expected to cushion the widening trade deficit.

On the other hand, the Transport and Marketing Assistance (TMA) scheme is likely to be phased out as the allocation of barely Rs 1 lakh has been made towards the scheme for the next fiscal year. As much as Rs 545 crore was allocated towards the scheme last year. People aware of the matter said the commerce department believes that exporters no longer need such support or subsidies from the government.

The TMA scheme was launched in 2019 for specified agriculture products. It provides assistance for the international component of freight and marketing of agricultural produce to mitigate the disadvantage of higher cost of transportation of export of specified agriculture products due to trans-shipment. The scheme was valid till March 2021, after which it was reintroduced as farm exporters were grappling with challenges such as high freight costs and container shortage.

Source: business-standard..com - Feb 03, 2023

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What are Unity Malls, and what did FM Sitharaman say about them in Budget?

In her Budget speech on Wednesday, finance minister Nirmala Sitharaman proposed to set up "Unity Malls" in every state. She said all states would be encouraged to construct a Unity Mall in their capitals, most popular tourism centres, or prominent economic centres.

She said these Unity Malls malls would focus on promoting and selling the state's ODOPs, GI products and other handicraft products. They will also provide space and promote similar products from other states.

What are Unity Malls?

The finance minister did not provide details in her Budget speech on how these Unity Malls would be set up, whether they would be in physical form or be an online marketplace. She also did not say who would run these malls.

There is nonetheless speculation that these malls would be modelled on the lines of the Ekta Mall located near the Statue of Unity in Kevadia in Gujarat. This mall sells handicraft items from various states to visitors from across India. It is spread over a vast area and has two floors and 20 emporiums showcasing traditional textiles and artisan handicrafts.

What's the idea behind setting up these malls?

The idea gives a boost to local products, which have remained confined to an area in the absence of a platform to canvass their beauty. These malls will likely give a fillip to local economies and help artisans thrive. Also, they can be a great tourist attraction to show the local culture.

What is ODOP?

ODOP stands for One District, One Product. The government launched this initiative to make regional products popular and more accessible, thereby increasing the earnings of the native artisans for their labour.

Under this scheme, every state has to identify the main product of that district and offer support for its production, storage and marketing. The products can be anything -- from agri-produce and cereal-based products to food products. It can also be fisheries or those made from waste.

For example, the ODOP from Ayodhya is jaggery; from Darjeeling, it is tea; from Guntur in Andhra Pradesh, it is spiced (chilli and turmeric); for Chandigarh, it is bakery-based products.

What is a GI tag?

A geographical indication or GI tag is awarded to products that originate within a specific geographical region and possess some unique characteristics and qualities because of their area of origin. This tag assures the buyer that the product originated from a specific area. The total number of registered GI products in India is approaching 450.

Gamosa, the traditional textile wrapped around the neck by both men and women, mostly in Assam, has received a GI tag. The Madhubani paintings of Bihar, too, have received the GI tag.

Source: business-standard..com - Feb 02, 2023

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Budget 2023: Extra-long staple cotton gets extra attention

Extra-long staple cotton, a niche produce greatly in demand in the textile industry, received a major boost with a slew of measures announced by Union Finance Minister Nirmala Sitharaman for enhanced output and higher returns to farmers. “We will adopt a cluster-based and value chain approach through public-private partnerships (PPP) to enhance the productivity of extra-long staple cotton,” she said.

“This will mean collaboration between farmers, the State governments and industry for input supplies, extension services, and market linkages,” she said.

According to trade experts, out of the total ELS cotton requirement of 20 lakh bales (each of 170 kg), India produces only about 5 lakh bales, forcing the industry to depend on imports from Egypt and the US to meet the demand for this high-quality fibre.

What is ELS cotton?

Extra-long cotton or ELS in loom yarns, high-end fabrics and in sewing threads. Though a major cotton producer, India lags in the production of ELS cotton, forcing it to depend on imports. The textile industry, for long, asked the government to make efforts to increase the availability of ELS cotton to lower the cost of textile production.

Issues with ELs

The industry, however, expected much more from the government to bolster the sector, which has been saddled with poor returns and decreasing yields. “We wanted the government to announce measures to promote research which will go a long way in promoting ELS varieties. We, however, will wait for the finer details of the announcement made in the Budget,” Ram Kaundinya, Director-General of Federation of Seed Industry of India, told businessline.

The difficulty with ELS cotton, which belongs to a species called Barbadens, is a long-duration crop. Yields are low and the incidence of Pink Bollworm attacks is high. Hence, farmers do not prefer to plant it. There has not been much research regarding ELS cotton to develop high-yielding hybrids/varieties.

M Prabhakara Rao, President of the National Seed Association of India (NSAI), welcomed the move and said that there is a huge potential in the country for ELS cotton. “We have seeds available for ELS. We have appealed to announce measures to promote ELS,” he said.

With a staple length of 34-35 mm, India’s hybrid DCH-32 costs about ₹70,000 a candy (356 kg) as against Prima variety from the US which costs ₹1.5 lakh. “This is a welcome step by the government to encourage domestic cultivation for ELS cotton variety. This is a win-win for both farmers and industry,” Atul Ganatra, President of Cotton Association of India, said.

Cotton expert S Stalekar noted that the move would bring down the cost of ELS cotton for the cotton industry. “The impact of this move may not be reflected immediately in the market. But going forward, we will see cotton growers and the trade benefitting from it,” he said.

Ashwani Jhamb, Director at the Indian Cotton Association, welcomed the move but underlined the challenge of finding good quality seeds and the need for new research on seed development.

India had its ELS cotton in the form of “Suvin” cotton which was grown in the Athur tracts in Tamil Nadu’s Salem districts. However, it got marginalised as the cost of production, especially in tackling pest attacks, surged and the yield declined sharply.

Source: thehindubusinessline.com- Feb 01, 2023

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Large companies must pay MSMEs on time, says FM Sitharaman

Finance Minister Nirmala Sitharaman on Thursday asked large industry to refrain from delaying payments to MSMEs, stating that timely payments to them was critical especially when the country is looking to quickly revive itself out of the pandemic era.

Addressing a post-Budget interactive meeting with FICCI members in the capital, Sitharaman wanted large industry to pay MSMEs on time and noted that payment dues cannot be seen to be locked up. Timely payments have to be made to MSMEs even by government departments and government-owned public sector entities, she added.

“Recovery cannot be of one sector or one big or small company. Recovery has to be of India. For this MSMEs have to be paid within 45 days and it is the responsibility of both private sector and government to get this implemented”, Sitharaman said.

She highlighted that large corporates should not deny MSMEs their rightful payments for the goods supplied by them or services rendered by them.

Capex spend by States

Sitharaman said that substantial proposals of projects are expected from States from April 1 this year. The Budget had allocated as much as ₹1.3-lakh crore to be extended to States through 50-year soft loan facility for enhanced capex implementation.

“My strong belief is in the month of April itself there should be substantial proposals coming from States so that release of funds can happen straightaway”, she noted.

While the Centre has been going the whole hog in ramping up capex, the States have been quite a laggard on the capex spending front, utilising only on an average about 40 per cent of their capex budgets.

Amrit Kaal

Sitharaman asked FICCI to go back to the drawing board and proactively look at Government's Amrit Kaal blueprint and identify opportunities and challenges over and above what the government had already identified.

She also urged Indian industry to become the "primary mover" in providing policy inputs to the government on areas like renewable energy and rare earths, where the next round of policy development could be fashioned.

FICCI President Subhrakant Panda expressed confidence that the Budget would crowd in private investments and help the private sector go out and ramp up their investments in the economy.

He hailed the green theme running through the Budget.

Source: thehindubusinessline.com- Feb 02, 2023

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Export initiatives in Budget will sustain growth momentum

Being the last Budget of the government of its current tenure, apprehensions and expectations were high amongst stakeholders from across sectors. Many thought that this would be a populist Budget with an eye on elections, but the visionary leadership has rightly chosen to push the country on a growth path with focus on investment and infrastructure so as to justify the tag of being the fastest growing economy in the world.

The economy will be clocking close to 7 per cent growth in FY23, which would come on top of over 8 per cent growth in FY22. The forecasts for the economy is close to those projected by international institutions. This also highlights that the growth story of India is intact and the economy will continue to be resilient despite global headwinds.

The government has kept the fiscal deficit under control and aims to bring it below 6 per cent next year and below 4.5 per cent by FY26. The fact that capital investment for the first time will cross ₹10-lakh crore shows the appetite of a growing economy aiming to become inclusive.

Farm focus

Urban demand is expected to slow down and, therefore, the Budget has rightly focused on agriculture as the good monsoon is likely to provide better purchasing power to rural people. Indian agriculture is in dire need of technology, and the Agri Accelerator Fund will likely encourage start-ups and innovators to provide requisite technology in the sector for increasing efficiency, reducing wastages and augmenting production.

The government is constantly focusing on infrastructure which is key to growth as it has a huge spin-off effect on the economy. The Budget has encouraged States to invest in infrastructure by offering 50-year interest-free loans.

While exports growth hitherto has been encouraging, the Economic Survey has already highlighted the geopolitical challenges having impact on inflation and consumption globally. This financial year is likely to end with exports of $450-460 billion.

The increasing utilisation of the recently signed free trade agreements (FTAs) and finalisation of new FTAs with the UK, Canada and GCC are expected to provide much better market access to us while entering into the new fiscal year. The PLI scheme is also likely to provide additional production in the sector where the scheme is already operational and new production where it has been rolled out recently.

The Budget has looked at providing competitiveness to various sectors by reducing Customs duties on key inputs and also increasing the same on many products to encourage imports substitution. The rise in import tariff on polymers, toys and parts of toys, bicycles, automobiles in SKD/CKD aims to provide a boost to domestic manufacturing by discouraging imports.

The reduction in import duty on denatured ethyl alcohol, acid grade fluorspar, crude glycerin will add to the competitiveness of chemical sector while reduction in duty on fish meal, krill meal, fish lipid oil, algal prime, mineral and vitamin premixes used in the manufacture of aquatic feed will push marine sector. Zero duty on seeds for use in manufacture of rough lab grown diamond (LGD) and R&D grant for LGD will help the gems and jewellery sector, which is one of the largest employers.

To encourage value addition in the mobile and electronic sector, Customs duty for camera module and input/parts for lens of camera module of mobile phone has been reduced to zero while duty on open cells of TV panel is cut to 2.5 per cent. This move will not only add to the value addition in the sector but will help India to develop as a component manufacturer for the mobile and electronic industry.

The initiatives for ease of doing business will particularly benefit the MSMEs as the cost of compliance for them is pretty high, and increasing digitisation will help the sector cut down transaction costs.

Credit cost

The cost of credit is one of the main constraints faced by the export sector. With hikes in key rates, the interest rates risen substantially. The government has provided substantial outlay for the Interest Equalization Scheme, aiming to provide subvention to the eligible sectors including MSME manufacturers. Since the Budget outlay has been increased by 24 per cent from ₹2,376 crore to ₹2,932 crore for 2023-24, we expect some more relief under the scheme.

The allocation for Market Access Initiative (MAI) is up by 25 per cent, which will help in better showcasing of Indian products abroad. But as the world is moving again from virtual to physical exhibitions, exports deserve a much higher allocation.

While the agri sector has been the focus of the Budget, a Transport and Marketing Assistance (TMA) scheme that provides support on international freight for agricultural commodities still eludes us. A revamped TMA scheme would have further emboldened agri exporters.

Source: thehindubusinessline.com- Feb 02, 2023

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Focus on ELS cotton in the budget can boost India's garment exports, says TEA

The budget announcement about increasing the yield of the extra long staple (ELS) in the country is expected to boost India's garment exports and the import dependence of the industry for the ELS cotton.

The government has announced a scheme for increasing the production of Extra Long Staple Cotton in the country under Cluster Development Initiative through PPP mode.

"The focus on enhancing the yield of Extra Long Staple (ELS) cotton, a long requirement of textile industry, will help to increase manufacturing of value added garments and also to reduce the import of ELS Cotton," said KM Subramanian, President, Tiruppur Exporters' Association (TEA).

Ravi Sam, chairman, Southern India Mills Association (SIMA) said, "The Association can match with the international Extra Long Staple cotton varieties and would take initiatives to increase the production under the said scheme."

"After introduction of Bt technology only for Long Staple Cotton, the industry started facing shortage of ELS cotton. The industry's requirement of ELS cotton is around 20 lakh bales while the country produces only 5 lakh bales and heavily depends on imports of superior quality ELS cotton," said Sam.

While welcoming the increased budget allocation of Rs.900 crore for ATUF Scheme (Amended Technology Upgradation Scheme) for 2023-24 against Rs.600 crore allocated in last year 2022-23, Subramanian said he was hopeful that the increased allocation would help to clear the ATUFS pending claims, a major requirement of textile industry.

Tirupur Knitwear sector is expected to be benefitted by the PM Kaushal Vikaas Yojana.

"Unfortunately, there was no announcement on continuance of ATUF Scheme in the Union Budget and he was hopeful that the government would announce it in near future," said Subramanian.

As more than 80% of the textile units come under the MSME category, the textile industry would be the major beneficiary ECLGS scheme which has received allocation of Rs 9,000 crore.

Introduction of separate HS codes for different staple length of cotton including Extra Long Staple cotton, when imported from other countries is a move that the industry had been demanding.

“The government could have avoided the increase in the Basic Customs Duty on textile machinery from 5% to 7.5% as the country does not produce even 20% of its requirement of the machinery. The will affect the global competitiveness,” said Sam.

Source: economictimes.com- Feb 01, 2023

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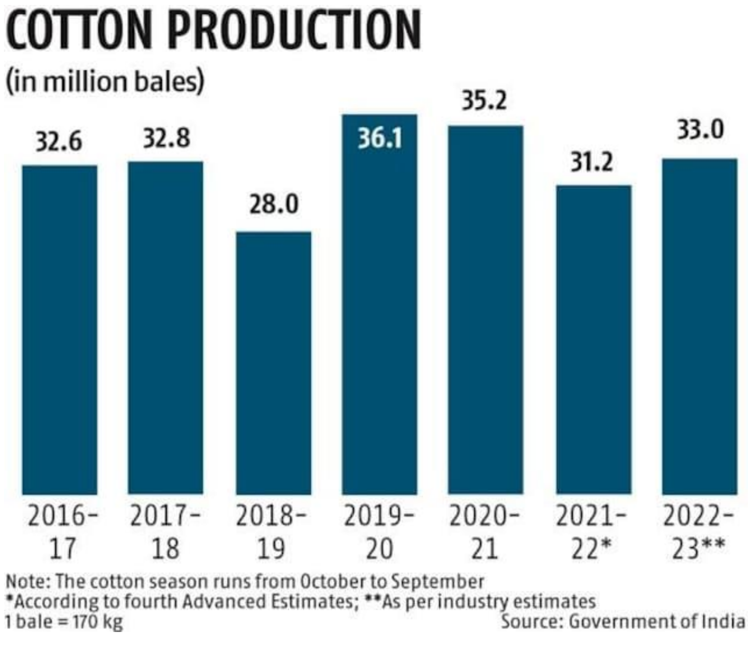
Union Budget 2023-24: Push for ELS cotton yield to reduce imports

The Budget proposal of enhancing the productivity of extra-long staple (ELS) cotton through public-private partnership is meant to lower the import dependence of a growing cotton variety that is in demand and can produce high-quality yarn, industry said.

Union Finance Minister Nirmala Sitharaman said in her Budget speech. “To enhance the productivity of extra-long staple cotton, we will adopt a cluster-based and value chain approach through Public Private Partnerships.

This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages.”

ELS cotton usually comprises those that are 32-36 mm.



But in India, of the nearly 33 million bales (1 bale = 170 kg) produced in the 2022-23 season, which started in October, the ma-j-o-rity is 26-30 mm. Of this almost 80 per cent is 29 mm, which is considered medium-grade.

In India, of the domestic consumption of around 31 milli-on bales, ELS cotton accounts for just around 1 million. But here too the domestic production of ELS cotton, according to industry players, is 350,000-400,000 bales.

This means 600,000 bales need to be imported annually.

It is this import that the Budget announcement seeks to cut through boosting domestic production.

Egypt, the US, and Australia are the largest producers of ELS cotton. In India ELS cotton is priced 35-40 per cent more than normal cotton because of its high quality.

“ELS cotton gets a good price because it is used to produce good-quality 60-120 count yarn, which is used to make high-value sarees, bed-sheets, etc.,” Atul Ganatra, president of the Cotton Association of India (CAI), told Business Standard.

The price of ELS cotton in India is around Rs 70,000 a candy (one candy is 356 kg) while it is sold globally at around Rs 1.5 lakh a candy. “If ELS cotton production rises, our textile industry will save a lot of foreign exchange and it will benefit farmers too,” Ganatra said.

He said as part of the Budget announcement of involving the private sector in boosting the productivity of ELS cotton, the Central government could fund states, which, in turn, would provide financial assistance to clusters, farmer producer oganisations, and even individual farmers adopting its production.

Another industry player said: “The plan also seems is to encourage farmers to adopt contract farming of ELS cotton.”

Source: business-standard.com- Feb 03, 2023

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Budget 2023| Cut in customs duty, support to MSMEs in Budget to help boost manufacturing, exports: Exporters

Union Budget 2023: The announcements for tweaking customs duties in certain sectors and measures to support MSMEs will help in boosting domestic manufacturing and the country's outbound shipments, exporters said on Thursday. Increase in capital investment outlay by 33 per cent to Rs 10 lakh crore, 50 years interest free loan to states to incentivise infrastructure investment, highest-ever capital outlay for railways, several infrastructure projects in port, coal, steel will have a multiplier effect on economy and employment, they said.

Federation of Indian Export Organisations (FIEO) President A Sakthivel said that many of the changes in the customs duties will help to provide competitiveness to manufacturing and exports, besides attempting imports substitution. The reduction in duty on denatured ethyl alcohol and crude glycerine will help the downstream users in the chemical sector, the cut in duty on key inputs for producing shrimp feed will help the marine exports as will be the drop in duty on seeds for manufacturing lab-grown diamonds and R&D grant for the same to facilitate gems and jewellery exports, Shakthivel said.

Sharing similar views, Sanjay Budhia Chairman – CII National Committee on Exports and Imports and managing director PATTON Group said that the announcement of reduction in custom's duty for select sectors shall improve India's participation in global value chain (GVC)."There are quite a few changes in the customs duties that would improve competitiveness in manufacturing and exports. The cut in customs duty on the import of certain important sectors like inputs for mobile phone manufacturing would help in boosting value added exports," Budhia said. He added that even while the global economy slows down, measures like this would help India continue to stand in a sweet spot and to build its exports in days to come.

"The announcement of establishing a subsidiary of Exim Bank for Trade refinancing would hugely help to address the concern of access to finance for exporters due to slow uptake of credit," Budhia added. Yogesh Gupta, Regional Chairman, FIEO Eastern Region too said that revamping the credit guarantee scheme by infusing Rs 9,000 crore and reduction of 1 per cent interest for MSME will help exporters.

"Reduction of import duty on inputs will also make exports of finished goods more competitive. Reducing import duty on shrimp feed will give a huge boost to the Eastern region marine product exporters," Gupta said. Lakshmi Venkataraman Venkatesan, Founding and managing trustee of BYST, said that the outlay of Rs 9,000 crore for credit guarantee scheme is a welcome move and this should hopefully help banks to be more willing to lend larger amounts in the form of business loans.

Source: financialexpress.com- Feb 03, 2023

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Budget 23-24: Indian textiles' smiles on provisions, duty rise a worry

Indian textile industry bodies have welcomed the announcements made by the finance minister Nirmala Sitharaman in Union Budget 2023-24, which she presented in the Parliament today. The industry leaders expect the focused approach of the government to boost textile sector. However, they were concerned on higher custom duty on textile machinery.

T Rajkumar, chairman, Confederation of Indian Textile Industry (CITI) termed the Budget as pragmatic and futuristic. He thanked the government for carrying out wide range of reforms and sound policies implemented over the years for the consistent growth of the Indian economy and the textile sector. CITI chairman acknowledged the focused approach for enhancing the productivity of Extra-Long Staple (ELS) cotton. He stated that five new HS Codes for further classification of cotton as per staple length will help in calibrating policy support for the segments which are import dependent or need further incentivisation.

The industry also welcomes the higher budgetary allocations for schemes promoting capacity building and investments like National Technical Textiles Mission (NTTM), PM MITRA, and Textile Development cluster scheme. However, the industry is concerned to note the increase in import duty of textile machinery to 7.5 per cent. It will impact new investments planned in the sector.

Ravi Sam, chairman, The Southern India Mills' Association (SIMA) has appreciated the government for giving thrust for inclusive growth, infrastructure and investment for green growth and skill development. SIMA chairman thanked the government for considering the proposal of SIMA for ELS cotton.

He said that after introduction of Bt technology only for Long Staple cotton, the industry started facing shortage of ELS cotton. He added that the industry's requirement of ELS cotton is around 20 lakh bales while the country produces only 5 lakh bales and heavily depends on imports of superior quality ELS cotton. Ravi Sam appreciated higher allocation of funds for textile related projects and programmes and new HS codes for cotton based on length.

KM Subramanian, president of Tiruppur Exporters' Association (TEA) welcomed the growth oriented and people centric Budget. He thanked the government for increase in Budget allocation for textile projects and schemes. He was hopeful that the increased allocation would help to clear the ATUFS pending claims, a major requirement of textile industry. Special focus on ELS cotton will help to increase manufacturing of value-added garments and also to reduce the import of ELS cotton, he added.

Source: fibre2fashion.com- Feb 01, 2023

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Government e-Marketplace achieves a Gross Merchandise Value (GMV) of Rs. 1.5 Lakh Crores

As on February 1st 2023, the Government e-Marketplace (GeM) has achieved a staggering ₹ 1.5 lakh crore of Gross Merchandise Value (GMV) in FY23 alone. Going by the current run rate, GeM is suitably placed to exceed its annual target of ₹ 1.75 lakh crore.

Cumulatively, GeM has surpassed the ₹ 3 lakh crore GMV since inception, with the overwhelming support of its stakeholders. The total number of transactions on GeM has also crossed 1.3 crore. GeM has over 66,000 government buyer organisations and more than 58 lakh sellers and service providers offering a diverse range of goods and services.

The portal features over 11,000 product categories with more than 29 lakh listed products, as well as over 270 service categories with more than 2.5 lakh service offerings. Based on various studies, the minimum savings on the platform are about 10%, which translates into a savings of over ₹ 30,000 crore worth of public money.

Government e Marketplace (GeM) is an online platform for public procurement in India that was envisaged by the Prime Minister, Shri Narendra Modi.

The initiative was launched on August 9, 2016 by the Ministry of Commerce and Industry with the objective of creating an inclusive, efficient, and transparent platform for the buyers and sellers to carry out procurement activities in a fair and competitive manner.

In the last ~6.5 years, GeM has revolutionized the ecosystem of public procurement in the country through technology, the digitization of processes, the digital integration of all stakeholders, and the use of analytics.

GeM is an example of how digital platforms created with a strategic and clear intent to reinvigorate and reimagine legacy processes can bring about lasting change for the nation as well as the underserved. GeM has been effectively contributing to the government's commitment of "Minimum Government, Maximum Governance".

The GeM platform enables multiple procurement modes (direct purchase, L1 procurement, bidding, reverse auction, bid followed by reverse auction). GeM has evolved as a trust-based platform and is contactless, paperless, and cashless, where authentication of users is done through API integration with respective domain databases, i.e., Aadhar, PAN, Aadhar, Start Up, GSTN, MCA21, etc.

The marketplace includes policies for automated market adjustments as well as end-to-end digital processes that support a thriving buyer-seller ecosystem.

GeM has recently launched a focused campaign to boost procurement via States. Dedicated nodal officers with a comprehensive data backed roadmap have been identified for select states. The lessons learnt in these states will be replicated across the country. We have already seen a 55% Y-o-Y increase in the GMV in the States, and their GeM Utilization Ratio (GUR) has also shown considerable improvement.

GeM has successfully integrated with 1.5 lakh+ India Post offices and 5.2+ lakh Village Level Entrepreneurs [VLEs] via the CSCs for last-mile outreach and service delivery . Curated trainings are being conducted with the State Mission Coordinators and District Managers to help them understand about GeM and its features.

Through automation and digitization of processes, GeM has led to higher process efficiencies, better information sharing, improved transparency, reduced process cycle times, and a higher level of trust among bidders, which in turn have resulted in greater competition and higher savings. These innovations in GeM have also brought down waiting times and prices for buyers significantly and ensured timely payments to sellers. This is also expected to enhance the overall "Ease of Doing Business" while also promoting the highest standards of quality in public procurement in India.

Source: pib.gov.in- Feb 02, 2023

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Clusters may not help cotton growers in Punjab, Haryana

BATHINDA: The measures suggested in Union budget for enhancing the productivity of extra-long staple cotton, will have no meaning for the three north Indian states of Punjab, Haryana and Rajasthan, which are into cotton sowing. Normally, the raw cotton of 27.5-28.5MM long staple is produced in Punjab and Haryana, but in the ongoing season, the farmers got even less than 27MM long staple.

With the cotton ginning industry on the wane in Punjab, questions are being raised if the industry-farmer and government partnership will be of any benefit for the cotton growers. As the clusters are to be set up for increasing productivity of extra-long staple, the Punjab growers will be automatically out of it, say the farmers and cotton industry people. They want the clusters all across the cotton producing states irrespective of length of the staple. The announcement will benefit the cotton growers from south, west or central India.

Union finance in the budget speech spoke about adopting a cluster-based and value chain approach through public private partnerships (PPP) with collaboration between farmers, state and industry for input supplies, extension services and market linkages to enhance the productivity of extra-long staple cotton.

Punjab has been continuously losing area under cotton crop. Till 2012-13, the area under cotton was used to be around 5 lakh hectares, which in the last two years have come down to even less than 2.5 lakh hectares. The severe whitefly attack on the crop in 2015 eroded the faith of growers and it started coming down to nearly 3 lakh hectares and finally to only around 2.45 lakh hectares.

The pest attack in two successive years marooned the cotton growers and the skyrocketing cotton prices touching even the psychological level of Rs 10,000 per quintal, which above the minimum support price of nearly Rs 6,000 per quintal, failed to enthuse them. Going by it, the cotton ginning factories too have come down from over 400 till 2007 to presently only 77. Under such circumstances they need helping hand, say farmers and industry.

"The farmers in Punjab have witnessed the shortening of the staple due to successive pest attack on cotton crop in Punjab. In the ongoing the staple length was found to be even less than 27MM in many places. Under such circumstances the cotton growers may not be attracted back towards the crop and they may continue with the water guzzling paddy and the efforts of diversification may fail to yield the desired results," said cotton farmer Mohinder Singh from village Sangat in Bathinda.

"There are 60 lakh farmers into cotton sowing and 5 crore are involved in cotton value chain. The government should earmark a substantial amount to fund the research for seed development to benefit the farmers," said Indian Cotton Association Limited (ICAL) former president and cotton farmer Mahesh Sharda.

Source: timesofindia.com - Feb 02, 2023

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Cotton yarn trade unaffected by long-term provisions in India Budget

North India's cotton yarn market remained unaffected by the Union Budget 2023-24 announced yesterday. Traders said that there were no big announcements in the budget for the textile sector and termed government's initiatives as long-term measures which cannot influence yarn prices. Cotton yarn prices remained stable today amid average demand.

In Delhi too, cotton yarn prices did not witness any movement after the budget. "There were no provisions in the budget which could have immediate influence on the yarn market. Finance minister has announced a special initiative for the Extra Long Staple (ELS) cotton. But it will take years before this could have an impact on cotton yarn prices and dynamics," a trader from Delhi market told Fibre2Fashion.

In Delhi, 30 count combed yarn was traded at ₹280-285 per kg (GST extra), 40 count combed at ₹310-315 per kg, 30 count carded at ₹255-260 per kg and 40 count carded at ₹280-285 per kg, according to Fibre2Fashion's market insight tool TexPro.

Cotton yarn prices have remained stable in Ludhiana since the last week of January. Demand was average because of the sluggish trend in the value chain. A trader from Ludhiana said that the buyers were not interested in new deals. If prices ease down after increase in arrival, buyers may be attracted to make fresh deals. In Ludhiana, 30 count cotton combed yarn was sold at ₹280-290 per kg (GST inclusive), 20 and 25 count combed yarn were traded at ₹270-280 per kg and ₹275-285 per kg respectively. Carded yarn of 30 count was steady at ₹260-270 per kg, as per TexPro.

Panipat's recycled yarn market was stable as consumer buying is not improving due to the seasonal impact. 10s recycled yarn (white) was traded at ₹88-90 per kg (GST extra). 10s recycled yarn (coloured - high quality) was traded at ₹105-110 per kg, 10s recycled yarn (coloured - low quality) at ₹80-85 per kg and 20s recycled PC coloured (high quality) at ₹110-115 per kg. 30 recycled PC coloured (high quality) was priced at ₹145-150 per kg and 10s optical yarn was priced at ₹100-110 per kg. Comber prices were noted at ₹150-155 per kg and recycled polyester fibre (PET bottle fibre) was priced at ₹82-84 per kg.

North India's cotton trade was also largely unaffected by budget provisions. The prices were steady amid average arrival. According to the traders, cotton arrival reduced to just 11,500 bales of 170 kg but may increase in the next few days if weather remains clear. Cotton was traded at ₹6,225-6,350 per maund in Punjab, ₹6,225-6,325 per maund in Haryana and ₹6,425-6,525 per maund in upper Rajasthan and at ₹60,000-61,800 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com- Feb 02, 2023

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