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INTERNATIONAL NEWS

China's total cargo throughput increases by 3% YoY in Q4 2022: Fitch

China's total cargo throughput increased by 3 per cent year-on-year in the fourth quarter (Q4) of 2022, according to Fitch Ratings' 'China Ports Watch–4Q22' report. The country's foreign trade cargo in Q4 of 2022 declined by 1 per cent at eight major coastal ports compared to the previous year, primarily due to continued weakening overseas demand. Total container throughput increased 7 per cent YoY in Q4 of 2022, driven by newly opened shipping routes and sea-rail transportation routes along with Regional Comprehensive Economic Partnership Agreement, which took effect in January 2022.

Export value declined 7 per cent YoY for the first time since Q1 of 2020, mainly due to high inflation and slowing economies in overseas markets. The manufacturing purchasing managers' index (PMI) contracted in US and Japan since November, falling below 50, while the eurozone's manufacturing PMI decreased further to 47 in Q4 of 2022 from 49 in Q3 of 2022, implying contractions for the global major markets, as per Fitch Ratings' report.

Shipping rates were highly volatile, given the inflationary environment and geopolitical issues. The Shanghai Containerised Freight Index/China Containerised Freight Index decreased 71 per cent/51 per cent YoY in Q4 of 2022, driven by lower shipping rates for routes from Shanghai to US and Europe. Meanwhile, the Baltic Dry Index dropped 56 per cent YoY in the fourth quarter of 2022 due to weakening dry bulk demand. The Baltic Dirty Tanker Index increased 154 per cent YoY amid geopolitical issues that result in European countries paying higher shipping rates for longer routes.

Fitch Ratings expects throughput to worsen in January and February—given the rising number of COVID-19 infections and seasonal effects of Chinese New Year—then ease in late February, benefitting from China's reopening. However, downsides are likely to persist, including weak consumer sentiment and soft external demand resulting from high inflation and geopolitical issues.

Source: fibre2fashion.com- Feb 11, 2023

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US' textiles & apparel imports up 16.03% in 2022

US' imports of textiles and apparel have continued to grow in value terms and rose by 16.03 per cent to $132.201 billion in 2022, compared to $113.938 billion in 2021. With a 25.65 per cent share, China continues to be the largest supplier of textiles and clothing to the US, followed by Vietnam with 14.87 per cent. Within textiles, apparel constituted the bulk of the imports by the US in 2022, amounting to $99.932 billion, while non-apparel imports accounted for $32.268 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from Nicaragua and Bangladesh shot up by 42.81 per cent and 36.38 per cent year-on-year, respectively. Imports from India and Indonesia too grew by 35.50 per cent and 35.29 per cent, respectively. Additionally, imports from Cambodia, which is one of the top 10 suppliers to the US, registered a growth of 28.46 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from Cambodia soared by 48.55 per cent year-on-year. Imports from Vietnam and Italy too climbed by 31.43 per cent and 14.16 per cent, respectively. On the other hand, imports from some countries including China, India, Turkiye and Canada slipped. The imports from Turkiye dipped by 10.15 per cent.

Of the total US textile and apparel imports of $132.201 billion during the period under review, man-made fibre products accounted for $68.132 billion, while cotton products were worth $56.902 billion, followed by $4.395 billion worth of wool products, and $2.769 billion worth of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply to $89.596 billion compared to imports of $111.033 billion in 2019, mainly on account of the disruption caused by the COVID-19 pandemic. But imports rebounded again in 2021 to reach $113.938 billion, thus surpassing the pre-pandemic level.

Source: fibre2fashion.com- Feb 11, 2023

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Turkiye earthquake to impact domestic textile & apparel industry

Turkiye experienced the strongest earthquake in more than 100 years this week; of magnitude 7.8 on the Richter scale. The death toll has already surpassed 20,000 in Turkiye (including neighbouring Syria), and Turkish President Recep Tayyip Erdogan has declared a three-month state of emergency in the 10 provinces that are most severely affected. Moreover, the freezing weather conditions in the region have made the condition worse.

As per Turkish authorities, over 13.5 million citizens have been affected in an area covering about 280 miles from Adana in the west to Diyarbakir in the east, and 180 miles from Malatya in the north to Hatay in the south.

The earthquake has a shattering impact on Turkiye's economy and the livelihood of people. Turkiye's textile and apparel sector will also face the impact of this calamity as it is among the largest revenue-generating sectors of the Turkish economy, accounting for an average of 7 per cent of GDP over the years and had a 16 per cent share in total export volume in 2021.

Besides, Turkiye is one of the world's major textile and apparel production and sourcing destinations, and the second largest source of textile and apparel exports to European Union countries. Turkiye's textile and apparel exports in 2022 were valued at $35.25 billion. Turkiye has strong competitiveness in the global market in the apparel and home textiles segment. The Turkish clothing industry, with a share of 3.7 per cent, is the sixth largest supplier in the world.

It is expected that the earthquake will affect Turkiye's textile and apparel exports in the coming months as manufacturing has been severely affected in some areas. It has also affected the supply chain as the port of Iskenderun in southern Turkiye has been subject to severe structural damage and operations have been temporarily stopped after the earthquakes. Roads have also been heavily affected, disrupting the movement of any trucks in and around the area. Furthermore, the earthquake will undoubtedly have some impact on Turkiye's domestic consumption of textiles and apparel.

Turkiye has remained a crucial sourcing destination for brands and retailers that represent the entire value chain of the textile and apparel industry with superior quality products and technical know-how. Since the earthquake has shaken production and logistics in Turkiye in many ways, manufacturers may look towards other countries for imports. Its share in the EU, the UK, and the US can get encroached upon by textile and apparel suppliers from China, India, Vietnam, and Bangladesh. Also, China, Vietnam and Bangladesh enjoy duty-free trade with the EU. So, the current situation in Turkiye may shift the trade pattern and increase these countries' market share in the EU.

Turkiye's top export markets in 2022

Country	Value ($ Billion)	Market share (%)
Germany	4.59	13.02%
Spain	3.13	8.87%
United Kingdom	2.62	7.44%
United States	2.58	7.31%
Netherlands	2.03	5.76%
Italy	1.87	5.30%
France	1.41	3.99%
Russia	0.84	2.40%

Source: TexPro

Turkiye exports more than 50 per cent of total textile and apparel exports to the EU countries. In 2022, it exported $20.64 billion worth of textiles and apparel to the EU, 25.60 per cent up from $16.44 billion in 2020. In contrast, China's export share of textiles and apparel to the EU declined by over 14 per cent. This decline was majorly due to China's zero COVID-19 policy. But now with China's market opening up and the current condition in Turkiye, China is likely to recapture its market share in EU countries.

This is not the first time that Turkiye has been hit by earthquakes. After the 1999 earthquake, for example, Turkiye's textile and apparel exports fell for the first time in almost thirty years. The after-effects of February 2023 earthquake on the Turkish textile and apparel industry are still mostly unknown.

Turkiye has been already facing an economic decline driven by a combination of high global energy prices, the COVID-19 pandemic and the Russia-Ukraine conflict, and, largely, by government economic policies that have reduced interest rates despite skyrocketing inflation, pushing the Turkish lira to a record low against the dollar.

Lira lost almost 30 per cent of its value against the dollar in 2022, severely damaging the purchasing power of the Turkish people. Turkiye's foreign exchange reserves have also dropped steeply in recent years. This earthquake will further deepen this ongoing economic crisis.

Source: fibre2fashion.com- Feb 10, 2023

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UK and Italy strengthen trade relations

The United Kingdom and Italy have partnered to enhance trade, boost economic growth, create jobs, increase wages and drive exports.

The partnership, the first of its kind between the UK and any EU country, also aims at boosting exports in various sectors and promoting inward investment in low-carbon industries such as offshore wind and carbon capture storage.

The agreement cements the UK's position as a vital trade partner within Europe and the G7, demonstrating the country's potential as an independent trading nation to form comprehensive trade deals with new markets, while strengthening its partnerships with EU member countries.

It marks a significant milestone in the UK's trading relationship with Europe and shows how an independent UK can benefit from striking ambitious trade deals with the world, while also reinforcing its already strong and prosperous trading relationship with EU members such as Italy.

The partnership is expected to boost trade and investment between British and Italian businesses, ease the path for valuable investment, and grow UK exports. The UK and Italy are among the top ten global economies. Italy is the UK's eleventh largest trading partner. In 2020-21, Italy was also the sixth largest recipient of UK foreign direct investment projects globally.

Source: fashionatingworld.com- Feb 11, 2023

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Vietnam's garment-textile exports to reach $45-47 bn in 2023: VITAS

Vietnam's garment and textile enterprises are busy recruiting more workers, especially skilled ones, to fulfil orders for high-quality products, according to the Vietnam Textile and Apparel Association (VITAS), which forecasts that the country's garment and textile exports will reach $45-47 billion this year despite difficulties in major global markets.

Many businesses expect the market will recover in the second or third quarter this year with orders rising again, VITAS chairman Vu Duc Giang said.

Several enterprises have promptly resumed production following the long Lunar New Year (Tet) Festival last month.

Giang said global brands are preferring Vietnam due to its programmes on sustainable development, green initiatives, digital management and circular economy.

Twelve thousand workers have returned to work at the Garment 10 Corporation, which aims to earn a revenue of 4.5 trillion VND ($190.88 million) this year. It is now recruiting 800 additional workers.

Domestic garment and textile companies are also working to reduce imports and raise use of domestic raw material, according to a news agency report.

Data from the VITAS showed that the localisation of garment and textile has reached about 49 per cent, and is expected to rise to 51-55 per cent in the 2023-2025 period.

Source: fibre2fashion.com- Feb 12, 2023

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Kenya's KIPPRA suggests ways to revitalise struggling textile industry

Improving the quality of cotton seed and incorporating cotton development programmes into Kenya's integrated development plans can revitalise the country's struggling textile industry, according to the Kenya Institute for Public Policy Research and Analysis (KIPPRA), which recently discussed how the high potential of this sector has been hit by the undersupply of cotton.

The popularity of more durable and less expensive polyester is also to blame. In a publication discussing the status of the second-hand economy in the country, KIPPRA noted that the country has become dependent on imports of second-hand clothes, with 183,830 tonnes of such apparel being shipped in 2021.

"The estimated annual consumption of cotton by the textile mills is estimated at 8,000MT (41,200 bales), and the ideal demand to meet national requirements is 26,000MT (140,000 bales)," says KIPPRA. "These statistics show that the high potential of the textile industry is curtailed by undersupply of cotton raw materials," it noted.

Major reasons for the undersupply, the institute added, are the constraints faced by cotton farmers, including the decline in seed cotton production, low quality of cotton seeds leading to declining yields, and relatively high costs of production due to low productivity. Cotton growing in the country is done by small-scale farmers on land averaging one hectare (per farmer) and is mostly intercropped with other food crops, KIPPRA said. There are about 40,000 small-scale cotton farmers compared to 200,000 in the mid-1980s.

KIPPRA said the Kenya Agricultural Livestock and Research Organisation (KALRO) should be adequately funded to improve cotton seed research and development, according to a Kenyan newspaper report. The textile industry is also facing increased business costs like high electricity expenses, and these have affected their competitiveness, KIPPRA added.

Source: fibre2fashion.com- Feb 12, 2023

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Pakistan's cotton arrival down 35.81% in Aug-Jan '23; rises in January

Cotton arrival in Pakistan declined by 35.81 per cent in the first six months of the current marketing year 2022-23 (August to July) compared to the same period in the previous marketing season. The decrease is mainly due to heavy rains and floods in the main cotton-producing states last year that affected the current marketing season's crop.

Cotton arrival was 47,14,101 bales of 170 kg in August-January 2023, down 26,57,308 bales compared to 74,20,917 bales in the same period last year, according to a report on cotton arrival in factories of Pakistan as of February 1, 2023, released by the Pakistan Cotton Ginners Association (PCGA).

However, the arrival increased by 105.29 per cent year-on-year (YoY) in January 2023. The arrival rose from 73,513 bales in January 2022 to 150,922 bales in January 2023. January was a slower month for cotton arrival in Pakistan.

The state-wise accumulated arrival also highlights the impact of floods and heavy rains until December. Cotton arrival in Sindh province, where floods had the greatest impact, was recorded at 18,610,18 bales during August to January 2023, a decrease of 46.74 per cent compared to 35,122,31 bales in the corresponding period of the previous season.

In Punjab, cotton arrival was 25.98 per cent lower, with an arrival of 18,610,18 bales in the first six months of the current season compared to 39,086,86 bales in the corresponding period of the previous season.

Source: fibre2fashion.com- Feb 12, 2023

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Good news for Bangladesh RMG as Western brands reopen business in Russia

Western brands reopening businesses under new names in Russian markets have spelled optimism and opportunities for Bangladesh apparel exporters.

Many foreign brands are importing goods for the Russian market through other countries – Turkey, UAE and Singapore – industry insiders said.

According to a Swiss study, despite widespread outrage over Moscow's war in Ukraine, few Western companies deserted the country, the AFP reports.

Talking with The Business Standard, a leading fabrics manufacturing company's executive director seeking anonymity, said, "They have business with two Russian brands - Gloria Jeans and O'Stin [Austin] - for a long time, which is continuing till now."

Brands like ZZX, H&M and Inditex have launched new business offices in Dubai under new names to circumvent the political pressure.

"Those new companies are also doing business with us. They source fabrics from and import goods through third countries like Turkey. They have been doing business through third countries for a long time, but currently it has become very strict due to the EU's position against Russia," the top textile official added.

In March 2022, several Russian banks were excluded from the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system, which made it difficult for Russian exporters to secure payments.

On the other hand, major retailers and brands announced that they were leaving the Russian market.

As a result, Bangladeshi exporters face difficulties getting their payments on time. Some exporters received their payments from third countries like Turkey or in Chinese currency through other third countries.

According to the Export Promotion Bureau (EPB), apparel exports to Turkey and the United Arab Emirates increased to $117.43 million with over 83% growth and $155.35 million with over 22.28% growth respectively between July –December in FY23 over the same period last year.

Bangladesh exported $665.32 million worth of goods to Russia in FY21, of which, $607 million came from apparel and textile exports, according to EPB.

However, the apparel export value fell by 47.06% to $180.64 million by July –December in FY23 compared to the same period last year.

Md Shahidul Islam, managing director of Rupa Group, which had business in the Russian market till last year, said, "Currently, we have no business in this market. Due to the ongoing war, it has become quite risky.

"My buyers had paid all dues, which was halted due to this war," added Shahidul.

Before the war, the company exported half a million dollars worth of sweaters to Russia each month.

Young 4 Ever Textiles Ltd Managing Director Rajiv Chowdhury said, "Currently, I have no business in this market even though alternative routes are available."

There are some new routes open to doing business with Russia, he said, adding, "I know some of our exporters have continued their business through Dubai and Singapore."

Despite having interest from buyers, Rajiv thinks that doing business through an alternative route will be risky for him, as he received two-and-a-half months of delayed payments when the Russia-Ukraine war broke in February last year.

Bangladesh Textile Mills Association President Mohammad Ali Khokon said, "Those Russian chain stores that shut down due to the war are reopening under different brand names. Demand is not falling, which is good news as we want our fabrics and apparel to be sold.

"We are now seeing that the global political situation is slowly improving. So even though 2023 is not starting out well, we believe it will get better by the end of the year," he added.
Only 8.5% of Western companies left Russia

Researchers at the University of St Gallen and the IMD Institute in Lausanne have delved into how many companies based in the European Union (EU) and in G7 countries have divested from Russia since its full-scale invasion of Ukraine began last February.

Their findings reveal "a very limited retreat of EU and G7 firms from Russia, [and] challenge the narrative that there is a vast exodus of Western firms leaving the market," said the St Gallen University in a statement, AFP reports.

"In effect, many firms headquartered in these nations have resisted pressures from governments, the media, and NGOs to leave Russia since the invasion of Ukraine."

The study published last month by the online Social Science Research Network (SSRN) — a publisher of "pre-print" studies not subjected to scientific peer review — showed that less than 10% of EU and G7 companies with Russian subsidiaries had divested them.

When Moscow launched its invasion, 1,404 companies based in the EU and the G7 counted a total of 2,405 subsidiaries that were active in Russia, the study showed.

Only 120, or about 8.5% of those companies, by late November, had divested at least one subsidiary in Russia, study authors Niccolo Pisani and Simon Evenett found.

There were more confirmed exits by companies headquartered in the United States than those based in Europe and Japan.

But even with the United States, fewer than 18% of US subsidiaries operating in Russia had been completely divested since the invasion began, the study showed.

By contrast, 15% of Japanese firms and only 8.3% of EU firms had divested from Russia, it said.

Of those who have left their Russian subsidiaries in place, 19.5% are German and 12.4% are US-owned, according to the study.

The research also showed that the exiting Western firms only accounted for 6.5% of the total profit before tax of EU and G7 firms with active commercial operations in Russia.

They, meanwhile, accounted for 15.3% of the total number of employees working for such firms in Russia.

This indicates that, on average, the exiting firms tended to have lower profitability and larger workforces than the firms that remain in Russia, the study said.

These findings, the university statement said, "call into question the willingness of Western firms to decouple from economies their governments now deem to be geopolitical rivals."

Source: tbsnews.net- Feb 12, 2023

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NATIONAL NEWS

PM Modi's push for sustainable clothing: Why India can't move away from fast fashion

Prime Minister Narendra Modi wore a blue vest made of recycled plastic bottles in Parliament last week. By doing so, he was trying to make sustainable clothing a conscious choice that needs to be made in everyday life to save the environment.

Unfortunately, much talk of sustainable clothing in India continues to be an elite concern, confined to some designer labels and hand-crafted ingenuity. For the vast majority, fashion is still about fast-produced retail wear, an aspiration to be "with it," affordability and brands than about making conscientious choices about our future in a resource-starved planet.

For example, the polymer company that made Modi's vest out of fibres and yarn from crushed and melted PET bottles, has been around for 14 years. Founded by an IITian, this clothing line is yet to enter the mass market or even establish brand recall. Yet, its production process saves at least 90 per cent water and 50 per cent energy when compared with traditional methods. Globally, the fashion industry causes 10 per cent of total carbon emissions and is a big pollutant.

Worse, its yield of harmful greenhouse gases is projected to grow more than 50 per cent by 2030. The industry uses 93 billion cubic metres of water annually. Our National Climate Change Journal (2018) lists textile manufacturing as one of the most polluting sectors of the economy, emitting 1.2 billion tonnes of greenhouse gases.

According to Levi Strauss, 3,781 litres of water are used during the production and use phase of one pair of its jeans while 33.4 kg of carbon dioxide is created throughout its lifetime. This includes growing cotton, processing denim and washing at home. Then there is the issue of waste, chemicals leaching into the water and non-biodegradable leftovers piled up in landfills.

In fact, India's primary challenge is that green wear doesn't come cheap, confining it to the category of designer labels or high fashion. That's because sustainable fashion still doesn't sit easily on economics. It is not only about setting up a zero-carbon production and supply chain, it is also about including fair trade and ethical practices for labour, nurturing artisanship, recycling and upcycling every bit of sequin, all of which raises production costs.

Challenges abound, beginning with the procurement of sustainable raw materials. Organic cotton, handlooms, even recycled fibres, polyesters or deadstock cost higher as do technical interventions needed to minimise water wastage, emissions, effluents and organic dyes. Scaling the business becomes a bigger challenge given the huge demand. Besides, maintaining a circular economy of fashion — which involves recycling, waste management and geometric cutting machines to reduce fabric waste — involves sophisticated technological processes, an indulgence at best by big fashion houses, who, like Stella McCartney, have developed a sub-brand.

Fashion trends move rapidly with seasons and the pret market (mass production of designer wear). This creates the need for fast fashion, involving mass production lines, cheap labour and quick turnarounds. In India, the e-commerce boom and wide smartphone connectivity mean it is speedier to do so, setting off a cultural phenomenon called urbanisation, acquisitive consumption behaviour being its most reliable index. With India's consumer demographics becoming younger , under 25, fashion and appearance consciousness will dictate buying behaviour.

A McKinsey report has already predicted the number of online fashion shoppers in India to reach 500 million by 2030. Globally, too, fast fashion has driven the perception of clothing as a disposable item and a seasonal indulgence rather than a durable good. Data shows that in the last 20 years, the number of clothes bought has doubled from 50 billion garments to 100 billion.

What about industry cred? Even in the West, that's a tough call. Copenhagen fashion week is the only one which is laying down sustainability requirements for designers this year. The major fashion weeks are still far from firming them up.

The European Union is just about testing digital passports on its sustainable clothing brands, where shoppers can scan the code on the label and access the item's journey, from source to the consumer, tracking its water usage and carbon emissions.

In India, this kind of circularity has a long way to go. One retail fashion experiment by the Aditya Birla group, which uses natural cellulose fabric, is just that — an experiment. One of India's most successful pret designers, Anita Dongre, runs an eco-sustainable label called Grassroots but that is no match for her mainline mass brands.

Without incentives in the fashion industry, rationalisation of the cost structure, and most importantly, legitimate endorsement by Bollywood and sports ambassadors, sustainable fashion will continue to be an elite obsession, not a practical choice. At the end of the day, only IndianOil, a PSU, has decided to make the Modi vest a part of its staff uniform.

Without a glitzy campaign to capture the national imagination, "green clothing" will be reduced to efforts of women's cooperatives and NGOs while "re-use, recycle, renew or upcycle" will remain confined to individual efforts to make a legacy statement of family heirlooms. Social media posts and hashtags may just not be enough to change buying behaviour. But we do have the world's best skilled labour, weavers, handcrafters, innovators and are also the world's largest producer of organic cotton. Can we make it all come together to match shop-floor economics?

Source: indianexpress.com - Feb 13, 2023

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G20 talks: India to push for making trade inclusive, growth-oriented for developing countries

India will draw the focus of G20 nations on making trade more inclusive and growth-oriented for developing countries and LDCs in a series of four meetings under the trade and investment working group, senior officials have said.

The deliberations will be on issues, such as resilient global value chains, seamless logistics, empowering MSMEs, and helping poorer countries tackle non-tariff barriers, such as quality standards.

"Given that at the WTO we have been championing issues for facilitating trade for developing countries and LDCs, bringing a consensus on some of them at the G20 will help us push it further at the multilateral forum," an official familiar with the matter told businessline.

India holds the rotating presidency of the G20 this year and will host the G20 Summit in September.

The first meeting of the trade and investment working group, under the Commerce and Industry Ministry, will be in Mumbai in March, followed by Kewariya in June, Bengaluru in July, and Jaipur in September, the official said. The Jaipur meeting will be a Ministerial where final decisions will be taken.

Areas of focus

To help developing nations, there is a need for better mapping of GVCs in the existing value chains, the official said. "Countries need to look at how to expand or make value chains more robust in situations like global shocks, such as the pandemic or the ongoing situation in Russia, where disruption in supply lines hurt trade. We have to see how to have an understanding on this among major countries and G20 is a good forum for that," he said.

In the area of logistics, India wants to initiate discussion on adopting an integrated approach and sharing of information. "G20 nations must talk about how we can have some kind of a seamless exchange of information between countries so that borders can become more facilitative rather than being obstructionist and blocking trade," the official said.

Having a paperless customs department would be important here, he said.

Focussing on MSMEs and looking at ways in increasing their role in GVCs by providing them with a more facilitative environment will be another area of major focus for India at the G20.

“We have to see how MSMEs can use online platforms and have better access to information across countries. They need to be enabled to find out countries where there is demand for their products so that they can make matching supplies,” the official said.

New Delhi also wants discussions on how trade can be used for growth and development so that the SDG goals of alleviating poverty could be met. “LDCs have to be helped to tackle non-tariff barriers, such as standards, as they don’t have enough laboratories for testing. They have to be helped by setting up labs and providing training. This is also something that would be discussed at the G20 meetings,” the official said.

The G20 membership comprises a mix of the world’s largest advanced and emerging economies, representing about two-thirds of the world’s population, 85 per cent of global gross domestic product, and over 75 per cent of global trade.

Members include Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.

Source: thehindubusinessline.com - Feb 12, 2023

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Indian commerce secretary expected to visit Dhaka in March

Indian commerce secretary Sunil Barthwal is reportedly expected to visit Dhaka in March end to attend the Bangladesh-India commerce secretary-level meeting to discuss issues related to trade. Bangladesh has sent an invitation to Indian authorities and is soon expecting India's consent. The last such meeting was held in New Delhi last March.

The planned Comprehensive Economic Partnership Agreement (CEPA), lifting of anti-dumping duty on jute and jute products from Bangladesh, withdrawal of export ban on some items from Bangladesh, ensuring supply chain of essential commodities would be prominent topics of discussion during the meeting, a news agency in Bangladesh reported.

Formal talks on the proposed CEPA is likely to commence soon as well, the report said. A joint feasibility study was carried out on CEPA after the last secretary-level meeting.

The study suggests that the CEPA would provide a sound basis for substantial enhancement of trade and commercial partnership between the two countries and would create new jobs, raise living standards, and provide wider social and economic opportunities in Bangladesh and India.

Bangladesh is India's biggest trade partner in South Asia. It is also the fourth largest export destination for India with exports registering a growth of over 66 per cent from $9.69 billion in fiscal 2020-21 to $16.15 billion in fiscal 2021-22.

Source: fibre2fashion.com - Feb 12, 2023

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341.91 lakh bales of cotton production reported in 2022-23

The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to a question in Rajya Sabha today informed, that the production of cotton in Maharashtra, Uttar Pradesh and Madhya Pradesh during last cotton year 2021-22 (Oct. – Sept.) and current cotton year 2022-23 is given below:

(Production in lakh bales)

Cotton Year	Maharashtra	Uttar Pradesh*	Madhya Pradesh	India
2021-22 (P)	71.18	0.086	14.20	312.03
2022-23 (P)	80.25	0.065	15.19	341.91

(P)= Provisional

Source: Committee on Cotton Production and Consumption,

* Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare and state Department of Agriculture, Uttar Pradesh

State-wise exports are not monitored by the Government. However, data on consumption and export of cotton in terms of quantity and value during last three years is given below:

Source: Consumption – Committee on Cotton Production and Consumption.

Cotton Year (Oct-Sept)	Consumption (in lakh bales)	Export	
		Quantity (in lakh bales)	Value (Rs. in crore)
2019-20	269.19	47.55	8,813.98
2020-21	334.87	77.59	17,914.34
2021-22	313.77	42.25	14,887.36

Export - DGCIS, Kolkata

Source: pib.gov.in- Feb 10, 2023

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Exporters see short-term impact on India's exports to Türkiye due to earthquake

India's merchandise exports of commodities such as cotton, manmade yarn and textile dyes may be impacted in the short run to earthquake-hit Turkiye, according to exporters.

Two powerful earthquakes hours apart on Monday last week caused widespread damage to property and killed more than 28,000 people, leaving millions homeless in Turkiye. The earthquakes also caused damage to the infrastructure and logistics network with the Port of Iskenderun remaining closed for around a week.

Exports to Turkiye increased to $6.2 billion during April-November 2022 against $5.1 billion in the corresponding period in 2021. Federation of Indian Export Organisations (Fieo) Director General Ajay Sahai said that the extent of the damage in Turkiye is yet not known and thus its impact on exports is difficult to ascertain.

However, the earthquake will further depreciate Turkish Lira, which has significantly depreciated recently, and has touched its record low following the earthquake making imports costlier and impacting the demand, he said.

"Since the textile manufacturing centres of Gaziantep and Kahramanmaras provinces are worst-affected, our exports of cotton and manmade yarn and textile dyes may be impacted in short run," Sahai said.

Major manufacturing hub

Gaziantep is a province in south-central Turkiye. It is a major manufacturing hub of that country.

Sharing similar views, Hand Tools Association President SC Ralhan said that India's exports to Turkiye are increasing. "Trade may get impacted in the short-term only due to the earthquake there, but not in the long run. There was no news so far from the MSME segment exporters of any issue while exporting to Turkiye so far," Ralhan said.

In 2021-22, India's exports to Turkey stood at about $9 billion, while imports aggregated at $2 billion in the same fiscal. The major Indian exports to Turkiye include mineral oils and fuels, man-made filaments and staple fibres, automotive spare parts and accessories, organic chemicals.

Turkiye's exports to India include broken/unbroken poppy seeds; machinery and mechanical appliances, iron and steel articles thereof, inorganic chemicals, pearls and precious/semi-precious stones and metals (including imitation jewellery), and marble.

Small Indian community

The Indian community in Turkiye is small, mostly working in business establishments and universities in Istanbul and Ankara. A small number of professionals also work on certain projects there. State Bank of India has a representative office in Istanbul. Turkish Airlines (in a code sharing arrangement with Air India) operates daily flights from Istanbul to Mumbai and Delhi.

Think tank GTRI exports in February and March may be tough, but from April onwards, India's exports to Turkey will grow at normal pace. Global Trade Research Initiative (GTRI) said the critical factor will be how soon Turkiye's port system resumes clearances at normal speed.

Currently, operations at the Port of Iskenderun, one of two main container ports on Turkiye's southern coast, remain suspended as it caught fire during the earthquake, it said.

Operations halted

"Exports were halted, and most containers were diverted to nearby ports. Export dwell time rose to above ten days. It may take about a month for normal operations to resume. The earthquake has affected the functioning of the central Black Sea and Mediterranean ports. But, on the positive side, Turkey has a long coastline with more than 180 ports," GTRI co-founder Ajay Srivastava.

He added that trade in February and the first fortnight of March may remain adversely impacted due to damage to the ports due to the earthquake.

However, India's merchandise exports will perform better from April, when the port operations normalize. "In the short term (2-6 months), India's merchandise exports in products that account for 78 per cent of the export basket will see normal growth. Exports in the remaining 22 per cent may be stressed. Overall, trade may remain stable," he added.

Exporting yarns, dyes, cut and polished diamonds, and jewellery may witness negative export growth, he said.

India's cotton, nylon, and synthetic yarn exports exceeded $700 million in 2022. Due to depressed consumer demand and damage to a few textile centres, there may be a short-term decline in exports of textile products, the GTRI said.

Source: thehindubusinessline.com- Feb 12, 2023

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Indian yarn exporters fear impact of earthquake as it struck major textile manufacturing centres in Turkey

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Many large Indian businesses that export manmade fibre and spun-cotton yarns to Turkey fear the devastating earthquake there will impact supply chains and their businesses.

India is a large exporter of synthetic and other yarns to leading textile manufacturing centres in Turkey, including Gaziantep and Kahramanmaras, where it gets turned into carpets, formal wear and fast fashion and exported to Europe and elsewhere.

Amit Lath, CEO of Sharda Group, said: “We have 18 clients in that region and so far we have only been able to make contact with one. We have no idea if the factories are still standing or not. The client I spoke to said both his in-laws had both died and he had not ventured out to the factory yet. Some textile factories have gone to ground zero. This is going to impact Indian businesses. Many will see their turnover hit.”

The Sharda Group also buys open-end yarns from Turkey for European factories. “There is a shipment that was supposed to leave on Monday. We have paid the advance but we don’t even know if the factories sending the textiles still exist. I can’t ask the supplier as no one is in the right frame of mind. There could be shortages now as the factories use the open end yarn to make hospital bandages and mattresses.”

“The sentiment in Turkey for exports from India has gone down. People are afraid of closing orders,” said Updeep Singh Chatrath, president and CEO of Sutlej Textiles and Industries in Mumbai, which sells yarn to companies in Bursa, Adana, Gaziantep, and Istanbul.

“We have checked their wellbeing and most have replied to say they are all okay but there is definitely an impact on order booking,” he said.

Dr S N Modani, MD at Sangam India in Bhilwara, which exports yarn to Gaziantep and Adana, said: “I am aware of three casualties in one business associate’s family in Adana where the building collapsed. A lot of owners have left the earthquake areas and gone to stay elsewhere, so no one knows how the factories have been affected.

“We are slowing down our production in India until the situation improves. No one has gone back to work in the factories as there is no power.”

Rakesh Mehra, chairman of Banswara Syntex, which exports yarn to Istanbul and Adana, said it was premature to predict the impact on his business, but it had definitely brought pressure on yarn prices. “I have not asked our clients if their factories are running as I just rang them to ask if they are okay,” he said.

Source: timesofindia.com - Feb 12, 2023

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ICC guidance papers throw light on LoCs

Last Monday, the International Chamber of Commerce (ICC) released a set of four guidance papers on the usage of documentary credits. These include recommendations regarding the requirements for 'onboard notation' on transport documents, notes on the principle of 'strict compliance', the use of 'drafts' i.e. bills of exchange under documentary credits, and the prescribed documentary credit format.

The first paper deals with a situation where a bill of lading (BL) indicates place of receipt different from the port of loading stated in the credit and/or pre-carriage details.

The question is whether or not there is a need for an onboard notation showing the name of the vessel and the port of loading, even if they are the same as shown in the respective fields on the BL.

After detailed discussions, the paper says that where a BL indicates a place of receipt different from the port of loading and there is an indication of a means of pre-carriage (either in the pre-carriage field or the place of receipt field), a dated onboard notation will be required indicating the name of the vessel and the port of loading, whether the BL is pre-printed with the words 'received for shipment' or the words 'shipped on board'.

Where there is no indication of a means of pre-carriage in a BL pre-printed 'received for shipment', the onboard notation need not indicate the name of the vessel or the port of loading whether the place of receipt is same as the port of loading or different. Also, in a pre-printed 'shipped onboard' BL, where no indication of a means of pre-carriage appears, no onboard notation is required. The same guidelines apply for combined/multimodal transport documents, sea waybills, and charter party BLs.

The second paper deals with the principle that the documents presented must strictly comply with the terms and conditions of the credit. After detailed discussions, the paper says the document examiners must decide each case based on the presented facts and the context. There is no merit in attempting a definition of this multifaceted subject. Developments in the past have proved that, as time goes by, it is customs and practices that provide the required clarity.

And once such customs and practices become commonplace, they will form part of the next revision of ICC publication on the International Standard Banking Practices for examination of documents under documentary credits, says the paper.

The third paper examines the need for drafts (i.e. bills of exchange) to be presented under documentary credits and prepayments under deferred payment letters of credit (LoCs). This paper essentially says drafts need not be called for unless there are specific commercial, regulatory, or legal reasons to create a bankers' acceptance.

The fourth paper gives guidance on filling up various fields in the SWIFT MT700, the format used in the near universally used secure global electronic network through which the issuing banks transmit documentary credits.

The discussions in these papers are quite nuanced. All parties who use documentary letters of credit, carriers and their agents who issue BLs and customs brokers should look up this link for these papers : https://iccwbo.org/content/uploads/sites/3/2023/02/set-of-guidance-papers-on-recommended-principles-and-usages-around-ucp600-rules.pdf and get familiar with the guidance and recommendations given in them. Banks should review their forms and practices based on the recommendations in these papers.

Source: business-standard.com - Feb 12, 2023

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Source: economictimes.com- Feb 12, 2023

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Building the supply chain infrastructure for a Circular Apparel industry

Under the aegis of UN Climate Change, brands and retailers worked during 2018 to identify ways in which the broader textile, clothing and fashion industry can move towards a holistic commitment to climate action. As a result, industry players made bold commitments to enable circularity, reduce 45% emissions by 2030 and achieve net-zero by 2050. Initially these commitments were focused on Scope 1 and Scope 2 emissions, which are produced by the companies directly or through the purchase of energy. However today, most companies have pledged to reduce their Scope 3 emissions generated in the upstream and downstream value chain. This is a crucial step since, for many companies, Scope 3 accounts for 80% of their overall climate impact.

Given the scale of the problem, it is imperative to set ambitious targets and implement a well thought approach to deliver on them. Achieving net-zero for Scope 1 and Scope 2 themselves requires overcoming formidable economic and technical challenges. Scope 3 presents an additional layer of complexity such as aligning internal stakeholders on goals and milestones; working collaboratively with supply chain partners, customers; keeping all partners engaged in multiyear change efforts; non-transparent carbon accounting and tracking mechanisms.

An in-depth assessment through in-person consultations with Textile & Apparel (T&A) stakeholders, which included industry leaders such as H&M, IKEA, Marks and Spencer and their manufacturing partners, and learning's from our initiatives have identified key gaps that need to be addressed to develop the supply chain infrastructure for circular and net-zero apparel:

- Lack of the implementation of a cohesive milestone-based strategy to decarbonize the supply chain, as well as operations.
- Poor availability of commercially scalable circular, low-carbon technologies that are in sync with the decarbonization needs of the T&A industry.
- Limited awareness and technical capability to measure, report, and set decarbonization goals as per the Science Based Targets

Hence Intellecap, through its initiative Circular Apparel Innovation Factory (CAIF), is working with upstream supply chain partners primarily SMEs to reduce carbon emissions, through testing, validating and commercial adoption of circular and low-carbon solutions in resource efficiency (energy, water), alternate materials (low-carbon dyeing alternatives, etc.), and from recovering value from waste (fiber2fiber recycling). Based on our learnings, we believe that four steps need to be followed by organizations that are committed to multiplying their own efforts and decarbonizing the supply chain through supplier engagement.

They are:
1. Emission Mapping & Profiling: Understanding and quantifying carbon emissions across the supply chain, product impact & climate change risks and developing BAU projections.

2. Set Roadmap and Create Targets: Developing sustainability strategies, targets and roadmaps at process and organization level, aligned with science and business requirements.

3. Reduce Footprint: Identifying & deploying best available technology solutions (input materials, energy efficiency, water mgmt. waste to value, etc) that perform better than the benchmarks; adopting global best practices.

4. Adopt offset mechanisms: Address hard-to-abate emissions through off-setting projects such as investing in impact funds, identifying climate finance solutions, etc

Research findings have indicated that existing solutions which include renewable electricity, sustainable materials and processes, alternate fuels, etc., have the potential to reduce supply chain carbon emissions by 47%. However, for the balance there is a need to test, validate and adopt innovative technologies and business models such as next generation materials, waterless dyeing, dry processing just to name a few. In order to address this, through our ongoing initiatives we have successfully worked towards building a strong business case for low carbon / circular supply chain solutions available in India. Project ACE, a two-year program (2021-2023), designed as a common action platform with the singular purpose of establishing a business case (economic value creation for the private sector organizations while reducing their environmental footprint). To create a robust business case, CAIF designed demonstration pilots with multiple stakeholders (brands and their manufacturing partners) to test, validate and commercially deploy high potential low-carbon solutions in areas including energy efficiency, water efficiency, alternative dyes and chemicals, digital solutions in textiles waste traceability, etc. In the last 12 months alone, we have undertaken six pilots and delivered the below outcomes:

• Improvement in energy efficiency: 15 to 20%
• Reduction in process heat: 25%
• Water Recovery: Up to 95%
• Reduction in chemical & biological effluents: 50 to 75%
• Provided end-to-end traceability for ~850 Tons of Textiles waste (2x manufacturers; 4 months)
• Solutions indicated a payback period of 2 to 3 years
(work to measure the impact on carbon footprint is currently in process)

According to our private sector partners, three key aspects were critical in design /execution of the pilots along with expediting the buy-in from leadership / board teams for eventual long-term commercial contracts:

a) The ability of CAIF to source and evaluate high-potential innovative solutions

b) Technical assistance provided by CAIF to innovators (from problem-solution through product-market fit) and the capacity building support provided to manufacturers and supply chain partners

c) Provision for a pool of capital available for both innovators and brands /manufacturers to cover the cost of demonstration pilots that expedited approvals & enabled collaborations

Hence based on these learnings we believe there is a need for and are working towards designing long term transformation programs with brands and their supplier networks to lay the foundation of a circular supply chain infrastructure and catalyze their journey to NetZero.

Source: timesofindia.com- Feb 12, 2023

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‘Garment exports to Japan to rise by 20-25%’

Apparel exports to Japan is expected to grow 20-25% year-on-year, according to Chairman of Apparel Export Promotion Council Naren Goenka.

In a press release, Mr. Goenka said that Indian ready-made garments had duty-free access to Japan following the Indo-Japan CEPA, while garment exports from China and Turkey to Japan attracted about 9% duty. As many as 84 prominent Japanese buyers, including trading companies and retail chains/stores, are in India to source their requirements from the 112-odd Indian exhibitors who have displayed garments at 'Upnext India 2023', inaugurated in Gurugram on Friday.

Japan had imported readymade garments worth $23 billion in 2022 (till November), and India exported readymade garments worth $0.22 billion to Japan, having a share of 0.9%.

Mr. Goenka said the Union Government was coming up with a PLI scheme which would predominantly include ready-made garments and help the industry to diversify to different fabrics and increase capacity. "The government is also considering vessels directly to Japan so that logistics time and cost are reduced," he added.

Source: thehindu.com- Feb 11, 2023

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India's home textile exports set to drop by 16-18% in FY23: CareEdge

Home textile exports from India are expected to fall by 16-18 per cent in fiscal 2022-23 (FY23) compared to FY22 with a slowdown in demand, especially from the United States and Europe, according to CareEdge Ratings. The sub-segment, the largest export contributor in the textile segment after garments, reported growth in export of around 34 per cent in FY21 and 12.6 per cent in FY22.

After a boom seen in FY21 and FY22, the overall textile exports from India contracted by 13.4 per cent year on year (YoY) at $23.1 billion during the April-November 2022 period. In contrast, FY22 witnessed home textile exports worth $44.4 billion, helped by the pandemic-induced demand and the China+1 strategy of importing nations.

After hitting the peak in Q2 FY22, India's home textile exports started plateauing with a sharp surge in commodity inflation and a global recessionary trend disrupting growth, CareEdge noted in a release. The operating margins for the top four listed home textile companies (comprising 30-35 per cent market share in India's home textile exports) have been moderating on a quarterly basis and are expected to weaken by 400-500 basis points for FY23.

Lower demand and higher operating costs due to lower capacity utilisation are denting the margins despite the reduction in cotton prices. Products that are primarily used for home decor experienced tremendous growth compared to pre-pandemic levels. For instance, bed, table, and bath linen imports by the US and European markets increased by 29.44 per cent YoY in FY21 to $23.4 billion from $18.07 billion.

However, FY22 saw signs of contraction by around 8.1 per cent in the import of bed, table and bath linen. Overall, the India's aggregate home textile exports saw a de-growth of 3 per cent in FY22 post the abnormal growth of 10 per cent YoY in FY21. The export demand was also dented by an uptrend in key raw material prices like cotton that led to higher finished good prices hurting the demand.

Source: fibre2fashion.com- Feb 10, 2023

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