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INTERNATIONAL NEWS

China's manufacturing sector returns to growth in Feb: Caixin China

Latest Caixin China general manufacturing purchasing managers' index (PMI) data indicate that the country's manufacturing sector returned to growth in February amid the recent rollback of pandemic restrictions. Firms signalled renewed and solid upturns in both production and new orders as operations and customer demand revived. Business confidence has strengthened to a near two-year high.

At 51.6 in February, the headline seasonally adjusted PMI increased from 49.2 in January. Suppliers' delivery times have improved as well at quickest rate for eight years.

The higher headline index reading was supported by a renewed increase in production volumes in February. This marked the first upturn in output since last August, with the rate of expansion the steepest since June 2022.

Fresh increases in employment and purchasing activity were also seen, while pressure on supply chains eased and lead times improved to the greatest extent in eight years.

Firms frequently mentioned that the recent easing of COVID-19 containment measures and recovery of operations and client demand had underpinned the increase in production, an official release said.

Similarly, total new business expanded for the first time in seven months, and at the quickest rate since May 2021.

Higher sales were linked to the recent roll back of pandemic restrictions and subsequent improvement in demand conditions. Companies also noted an improvement in foreign demand for Chinese manufactured goods, with new export orders rising for the first time since July 2022.

Source: fibre2fashion.com- Mar 02, 2023

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US apparel imports from Africa at $3.49 bn in 2022

Trousers and shorts were the dominant products among the total apparel imported by the US from the African continent in 2022. In the country's total imported garments worth $3.491 billion, trousers and shorts grabbed a share of 45.20 per cent, valued at $1.578 billion. Jerseys, shirts, T-shirts, and innerwear were the other top five products.

The imports of trousers and shorts jumped more than 55 per cent in the last two years after a decline in 2020 due to the COVID-19 pandemic. US' imports of trousers and shorts slipped 14.21 per cent to $1.014 billion in 2020 but bounced back up by 32.88 per cent to $1.347 billion in 2021. Inbound shipments from African countries further jumped by 17.09 per cent to $1.578 billion in the recently concluded year 2022, according to trade data obtained from Fibre2Fashion's market insight tool TexPro.

The import of jerseys was $529.307 million in the last year, which was 15.16 per cent of the total. Similarly, the imports of shirts were $446.874 million (12.80 per cent), T-shirts were $319.666 million (9.16 per cent), and innerwear was $134.645 million (3.86 per cent). The top five products contributed more than 86 per cent to the total inbound shipment of the US, as per TexPro.

The other top five apparel products imported by the US in 2022 were dresses (2.23 per cent), jackets and blazers (2.07 per cent), babywear (1.89 per cent), coats (1.38 per cent), and sportswear (1.26 per cent).

Source: fibre2fashion.com- Mar 02, 2023

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Trump Touts Tough-on-China Trade Platform and 'Universal' Tariffs

As former President Donald Trump eyes a potential second term, his campaign is out with a new, "America-first" plan taking aim at China.

Attacking President Joe Biden's "weak on China" trade policy, Trump created Agenda 47 to "take a sledgehammer to globalism" by imposing universal baseline tariffs on most foreign-made products. The strategy would reward domestic producers while taxing overseas suppliers, the campaign wrote in a memo Monday.

On top of the new standardized duties, "higher tariffs will increase incrementally depending on how much individual foreign countries devalue their currency," Trump said—a strategy routinely used by competitors "to take advantage of the United States, and they subsidize their industries, or otherwise engage in trade cheating and abuse."

Trump also wants U.S. companies to pay "substantially" lower taxes. "Not only will this system end our gaping trade deficits… it will also bring trillions and trillions of dollars pouring into the U.S. Treasury from foreign countries and allow us to invest that money in American workers, American families, and American communities," he wrote.

The new tariff structure would be the "linchpin" of the "Strategic National Manufacturing Initiative," which would include a series of trade reforms that Trump said would end U.S. dependence on China. Other elements of the plan include revoking China's Most Favored Nation trade status, adopting a four-year plan to phase out Chinese imports of essential goods like electronics, steel and pharmaceuticals, and developing protections to ensure the sourcing superpower can't flout restrictions by routing goods through other nations.

"We will also adopt new rules to stop U.S. companies from pouring investments into China, and to stop China from buying up America, allowing all of those investments that clearly serve American interests," Trump added, noting his aim to cancel federal contracts for any company that outsources to China.

Trump is ramping up the tough-on-China rhetoric amid increasing tensions between the U.S. and its top competitor. Officials this week traded barbs on China's purported role in the war in Ukraine, with a U.S. Department of State spokesperson calling the country "anything but an honest broker" of the peace negotiations it claims to be facilitating. While Trump's jabs at his likely 2024 rival aim to paint a picture of acquiescence and capitulation to China, Biden on Friday authorized sanctions aimed at Chinese individuals and companies. The Biden administration hasn't repealed Trump-era punitive tariffs on China-made goods, which have generated more than $150 billion in duty payments, despite calls from U.S. industry leaders to do so.

New House committee

Meanwhile, a new, bipartisan House committee aimed at addressing China's economic, security, and technology impacts on the U.S. convened for its first hearing Tuesday evening. The Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, headed by committee Chairman Mike Gallagher (R-Wis.) and ranking member Rep. Raja Krishnamoorthi, (D-Ill.), has vowed to hold China accountable for actions that threaten U.S. interests while implementing policies that promote U.S. competitiveness.

During the inaugural hearing, the committee approved seven out of 10 proposed bills, three of which were aimed at providing protections and advocacy for Taiwan, including sanctions against China should the island be invaded, as well as legislation aimed at stopping fentanyl produced in China from making its way into U.S. communities.

The three final bills focused on addressing China's economic impacts, from the Chinese Currency Accountability Act, which would compel the Treasury Secretary to "oppose an increase in the weight of China's renminbi in the basket of currencies determining the value of Special Drawing Rights," to the China Financial Threat Mitigation Act, which would require the Treasury Secretary to report on global economic risks stemming from the Chinese financial sector. Finally, the China Exchange Rate Transparency Act would require the U.S. Director at the International Monetary Fund to "advocate for greater transparency in China's disclosure of its exchange rate policies."

House members must vote on the bills before they advance to the Senate for passage.

"At our best, this committee can help us as Americans to 'up our game' as a people—for example, through investments in technologies of the future, workforce improvement, and by fixing weaknesses in our economy, such as in our supply chains and our legal immigration system," Rep. Krishnamoorthi said during his opening address. "As a committee, we must use the insights we learn here today to make our country stronger at home and more secure in the world."

Source: sourcingjournal.com- Mar 02, 2023

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AAFA Teams Up With International Apparel Federation to Tackle Supply Chain Issues

The American Apparel & Footwear Association (AAFA) has signed a new Memorandum of Understanding (MoU) with the International Apparel Federation (IAF) underlining a renewed commitment to bring industry players together across the supply chain and across the globe.

According to the AAFA, this memorandum — which was signed by AAFA president and CEO Steve Lamar and IAF secretary general Matthijs Crietee at the AAFA's Executive Summit in Washington, D.C., on Wednesday — marks the start of a closer and more frequent collaboration to the benefit of both organizations and their members.

Throughout 2023, AAFA said it will work together with the IAF on projects that require global alignment across the industry.

What's more, the memorandum further covers the IAF's 38th World Fashion Convention, to be held in the U.S. this year for the first time in more than two decades. This convention will take place together with the Sewn Products Equipment Suppliers Association of the Americas (SPESA) in Philadelphia, from Oct. 22-25.

The AAFA added that this convention will offer a unique opportunity for its members to discuss and connect with garment and textile suppliers from Asia, Africa, Europe and the Americas.

"This year's Executive Summit was focused on the ability to adapt, align and act," Lamar said in a statement. "This is exactly what this MoU allows our respective members to do in a time where the production landscape is changing and partnerships are necessary for supply chain resiliency."

"Traceability, sustainability, creativity, materials sourcing, innovation and information technology, and cooperation across the supply chain are just a few areas that this partnership will focus on," added Crietee.

This news comes amid greater collaboration among industry organizations in the U.S. In January, the AAFA teamed up with the Footwear Distributors & Retailers of America (FDRA), the National Retail Federation (NRF), the Retail Industry Leaders Association (RILA), and the United States Fashion Industry Association (USFIA) on a joint study on the the impacts of the Section 301 tariffs over the last four years on U.S. imports of apparel, footwear, travel goods and furniture imported from China.

Source: sourcingjournal.com- Mar 02, 2023

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World Textile Conference Offers Symphony of Discussions

Global textile industry stakeholders gathered recently in Ahmedabad, India for the World Textile Conference-3, a technology symphony to deliberate the way forward for the textile sector.

Over 800 delegates representing multiple counties including India, United States, Germany, Switzerland, South Africa, and Uganda participated in the event, organized by Textile Association (India) [TAI] and focused on the entire textile value chain from cotton to industrial textiles to marketing.

"We have organized this major event to be of service to the global textile sector in this critical time period," stated Mahendrabhai Patel, Honorary Secretary of TAI.

The conference received the highest attention and was inaugurated by Honorable Bhupendrabhai Patel, Chief Minister of the State of Gujarat, in the presence of Honorable Mrs. Darshana Jardosh, Union Minister of State for Textiles & Railways, India. Tony Fragnito, President of the USA-based Association of the Nonwoven Fabrics Industry (INDA) was also in attendance.

As is the case with Beethoven's Fifth Symphony set on four movements with vibrancy, tempo, and melody, the conference focused on four notes:

Economy and the Textile Sector
Growth and Fiber Balance (natural vs. synthetics)
Sustainability and Innovation
Training the Next Generation and Research.

"Growth in manufacturing is happening in the APAC region and India is important in this equation," stated Bryan Haynes, Technical Director of Global Nonwovens for Kimberly-Clark.

"The post COVID-19 era is experiencing the shift in global growth equation, supply chain issues, and skilled labor issues. Hence there is a need to re-strategize," stated Dr. P.R. Roy, former CEO of Arvind Group and Founder of Diagonal Consulting in Ahmedabad.

Leaders from leading fiber companies such as Indorama and Reliance discussed the availability of fibers for the Indian industry, which will require about 20 million tons in the next three to four years. Effective utilization of resources like fibers is critical for the sector. A presentation from Cotton Council International focused on the services provided to better utilize United States cotton.

The need to collaborate more with institutes of research and higher learning has become important to gear-up innovation. “We focused on obtaining more industry participation in this event,” stated Tulsibhai Patel, Vice President of TAI. “Forty different companies ranging from fiber to hygiene products participated in this conference.”

Major themes that occupied most discussions revolved around fiber needs, sustainability, plastic issues, technical textiles, and modernization. “India needs to grow big in technical textiles and plan strategies for Indian companies to penetrate into this burgeoning sector,” opined Nirav Shah, Co-Founder of Diagonal Consulting.

“The textile sector needs to focus now on modernization such as improving the quality of cotton, aiming at contamination free fibers instead of expansion,” stated Velmurugan Shanmugam, General Manager of Aruppukkottai-based Jayalakshmi Textiles.

An important theme discussed again and again like repeating motifs in a concert was the need for a skilled next-generation workforce and creating more awareness on emerging technologies.

“The Indian textile sector needs more information on practical knowledge and project details on technical textiles,” stated Gandhiraj Krishnasamy, Honorary Secretary of the South India Unit of TAI.

Source: cottongrower.com- Feb 28, 2023

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75% companies plan to reinvest in China in 2023: Report

Most companies consider China a critical part of their future strategic development plans, with 75 per cent planning to reinvest in China in 2023, says the American Chamber of Commerce in South China (AmCham South China). A greater sense of optimism was found among participating companies towards their expected time to reach profitability, with most expecting to achieve profitability within two years. The country is considered to have a high return on investment (ROI), with 76 per cent of participating companies reporting a positive overall ROI in China, and over 90 per cent of companies considering China to be an important investment destination, according to the 2023 White Paper on the Business Environment in China and the 2023 Special Report on the State of Business in South China by AmCham South China.

Despite a moderate decrease in the proportion of companies reporting an increase in headcount in 2022, most companies are positive about their employment expansion plans in 2023. Over 50 per cent of participating companies gained over 30 per cent of their global revenue from China, with 45 per cent registering an increase in revenue from China. Companies' profitability also showed signs of improvement in 2022, with 88 per cent of participating companies reporting gains in China.

The report found that companies are cautious about making large investments in China, with only 5 per cent reinvesting over $250 million in 2022. Guangzhou has been recognised as the top preferred investment destination in China for six years in a row. However, the report also revealed a trace of pessimism over the business environment in South China, with rising operation and labour costs identified as the biggest challenges faced by companies.

The trade volume between the US and China hit a new record high of $690.6 billion in 2022. However, less than 30 per cent of participating companies are optimistic about the future of the bilateral relationship in 2023, with 8 per cent fewer Chinese companies and 26 per cent more American companies expressing pessimism. The report estimates that companies will reserve $18.3 billion from profits for reinvestment in China in 2023 and the next three to five years, a decrease of almost 31 per cent compared to the previous year.

Source: fibre2fashion.com- Mar 02, 2023

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California, US introduces bill for collection & recycling of textiles

California's senator Josh Newman has introduced a bill to create a state-wide collection and recycling programme for textiles. Under SB 707, producers of clothing and other textiles will be required to implement and fund an extended producer responsibility (EPR) programme that will enhance recycling and increase reuse in the textile sector.

"Though many people don't realise it, the clothing and fashion industry currently accounts for fully 10 per cent of the world's carbon dioxide output," said senator Newman (D-Fullerton). "The rise of 'fast fashion,' which revolves around the marketing and sale of low-cost, low-quality garments which tend to go out of style with increasing speed, threatens to have a long-lasting and devastating impact on our planet. By employing an EPR approach, SB 707 will enrol industry participants as partners and stewards to create an end-to-end framework that will reduce textile waste in California while supporting a second-hand clothing market that can continue to thrive."

Each year, the average US consumer discards more than 81 pounds of clothing, an increase of 55 per cent per capita since the year 2000. Even though 95 per cent of the materials commonly found in textiles are either reusable or recyclable, the current share of used clothes and other textiles which are either reused or recycled in the US remains at only approximately 15 per cent.

The fibres within most clothing items and textiles, if properly sorted and processed, are highly suitable for recycling and repurposing into new products. SB 707 will require producers to implement an end-to-end system to optimise the repair or recycling of textiles, including apparel, accessories, handbags, backpacks, draperies, shower curtains, furnishings, upholstery, bedding, towels, napkins, and tablecloths.

Under this programme, thrifts and clothing collectors, which have long served as an effective second-hand market for textiles, will be further utilised as collection sites and will also be part of an integrated system for sorting and ultimately recycling used textiles that cannot be reused or resold.

“Textiles have been identified as a top material, and the fastest growing category, in residential and commercial waste streams in California. Local governments face costly challenges expanding textile collection and sorting since the materials can absorb, tangle, and combust if mixed into plastic recycling systems,” said Doug Kobold, executive director of California Product Stewardship Council, sponsor of SB 707.

“The cost burden for managing unusable textiles has fallen on thrifts, collectors, and second-hand markets, while producers keep making products with no plan for what to do with them when they are no longer wearable. California continues to lead by holding producers accountable for planning and funding an ongoing repair and recycling program for managing unusable textiles and apparel.”

Source: fibre2fashion.com- Mar 02, 2023

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China's market resurgence post-lockdown could turn up the heat on new overseas players

China's economy has been effected because of year-long Covid restrictions and lockdowns coupled with drop in overseas demand. Consequently, business has slowed down creating widespread employment. Currently, there is huge pressure on Chinese factories as US demand has dropped after an inventory pile up in the first half of 2022, with apparels remaining unsold and consumer prices moving north over summer and autumn months of 2022.

Coping with post-pandemic demand slow down

For China's economy, the drop in overseas demand has created huge unemployment problems with lack of high-skilled factory workers now much needed and large number of unskilled workers remaining jobless. The cut-throat competition in domestic markets has led to raging price wars between different local brands, all out to get a share in a shrinking market pie. The current transition from simply manufacturing goods in mass factories to actually conceptualising and branding them is a slow and expensive process that has led to unemployment in China's changing economic landscape.

Although China abruptly ended its zero-Covid policy in December 2022, business activities were curtailed throughout last year, which adversely affected the economy. Retail sales in the US, which has been China's largest trading partner on a single-country basis, slowed last year and are expected to be slow in 2023.

As per a CNBC report, Chinese GDP grew around 3 per cent in 2022, its second-slowest growth rate since 1976 and well below the government's target of around 5.5 per cent. However, short-term data indicates quicker-than-expected recovery as Zero Covid policy restrictions eased and the economy struggles to return to normal.

Factories focus on creating their own brands

Although China still maintains its status as the world's factory and supplies more than a quarter of global products, some other low-cost manufacturing countries such as Cambodia, Vietnam, Bangladesh have steadily lured away clients during the pandemic and lockdowns. The improved product quality of these new manufacturing hubs at practically the same prices as well as the plethora of new e-commerce channels has given greater choices to customers around the globe. Many Chinese factories are now contemplating launching their brands rather than mass-producing for an overseas company.

Reports suggest, garment factories are experiencing tough times especially those involved in traditional garment making catering to export orders. Some are not breaking even. Many of these units that manufactured for international labels are now contemplating designing, branding and distributing clothes under their factory brand, to survive.

Many small family Chinese businesses are now adopting cost-saving strategies such as opening factories in Cambodia and integrating robotics into their facilities, lessening financial pressures from rent among other things. Companies are also focussing on online retail with live-stream hosts to showcase products, similar to many US shopping channels to reach out to American consumers, who keep them afloat.

With these new ways of doing business and government's fiscal support, analysts feel the Chinese economy will be back with a bang by the second half of 2023. Reopening post lockdowns will be spearheading the economy while emerging markets will have to fight tooth and nail to keep their share of the market pie built when China's chips were down.

Source: fashionatingworld.com- Mar 02, 2023

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China and Ethiopia strengthen economic ties with MoU in vital sectors

As of February 22, 2023, Ethiopia and China have signed an MoU to strengthen their economic and trade connections in vital sectors. The move is aimed at further enhancing the close ties between the two countries in the textile and apparel sector.

The latest MOU will encourage Chinese companies to invest overseas, particularly in countries such as Ethiopia, which enjoys preferential duty access to many western fashion markets.

China has pledged to grant zero-tariff treatment to 98 per cent of the tariff line, which comprises of 8,804 products made in Ethiopia. This move is in line with the initiatives announced by Chinese President Xi Jinping at the Eighth Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC).

The objective of this partnership is to help expand exports to China, grow Ethiopia's economy and achieve independent and sustainable development. China has been instrumental in supporting Ethiopia's textile and apparel industry and substantially expanded its role as Ethiopia's textile raw materials supplier.

As per the latest statistics, over 75 per cent of Ethiopia's textile imports came from China in 2021, a significant increase from 49 per cent in 2010.

Ethiopia is also one of China's leading foreign investment sources, and China has provided capital, equipment, technical expertise, and management skills for local factories. As a result, a significant portion of Ethiopia's apparel exports to Western markets came from Chinese-invested factories.

Source: fashionatingworld.com- Mar 01, 2023

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Sri Lanka: Five year low apparel exports in January, raising concerns for 2023

The apparel industry is facing a challenging year in 2023 as apparel exports in January hit a five-year low, raising industry concerns.

The January 2023 performance of apparel exports amounted to $396.6 million, down 18.6% from the previous year, falling below the previous low of $397.61 million in 2021. The industry's best January performance was in 2019, where exports hit a record $5.3 billion before being overtaken by last year's figures.

In January 2023, apparel exports to the US were down 24% to $162 million from the previous year, while exports to the EU decreased by 19% to $113 million. Shipments to the UK were down 8% to $56.3 million, and other markets decreased by 10% to $65 million. The 2023 January performance marked the fourth consecutive year-on-year monthly decline, although month-on-month figures were somewhat erratic.

The negative growth in recent months can be attributed to higher inventories at both the store and consumer level and high inflation in key markets. In the fourth quarter of 2022, the apparel industry experienced a 15-20% decline in orders. Industry analysts predict that Sri Lanka's apparel exports may continue to decline YoY until the first half of 2023 or beyond.

To increase exports in the short- to medium-term, accessing new markets or expanding into emerging or high-potential markets is crucial. Analysts emphasized the need for the early finalization of proposed Free Trade Agreements. Additionally, Sri Lanka manufacturers and exporters need to manage their costs to improve the country's macroeconomic fundamentals and ease of doing business.

Last week, the apparel industry expressed concern over the 66% increase in electricity tariffs by the government, warning that it was a severe blow to the industry's competitiveness.

Source: fashionatingworld.com- Mar 01, 2023

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War and Xianjiang affect global raw cotton prices

In February 2022 Russia invaded Ukraine and a year later, economic upheavals across the globe have made everything worse in a post-pandemic world. Even after 12 months, there is no solution in sight for Ukraine and Russia as both try out newer forms of battle strategies and the world watches in despair.

Effects of a year-long war

The first impact of this war was sky rocketing oil prices, which the world has learnt to deal. Oil prices stands at almost $104 a barrel today and this has cascaded into price hike of commodities, metals and products, making consumer budgets stressed and stretched.

The average Western consumer, one of the most affected by inflation, is reorganizing their lifestyle to combat with inflation ridden market realities. The long-drawn out Western sanctions against Russia has boomeranged and instead of affecting Russia, has affected the sanctioning countries more as they are now fighting with each other over the severity and degree of sanctions. However, reports say in December 2022 while Europe and the UK were hit by high energy prices, pump-level price of petrol actually decreased a few cents in the US.

Impact on cotton prices

The change in buying behavior during inflation and recession affects non-necessary sectors such as apparels and accessories which in turn has a direct impact on raw materials such as cotton and textiles in general. The readymade garment sector’s staple raw material, cotton prices are going through a roller coaster ride. As supply tightens, cotton prices rise. A large cotton-producing country, India witnessed a jump in prices from Rs 78,000 per candy of 365 kg to Rs 83,000 per candy within the last 20 days.

Fitch Solutions published the 2023 raw cotton forecast in November 2022 stating raw cotton’s price could trade sideways for the remainder of 2022, at around $0.85 to 0.90 per pound. Prices came under downside pressure throughout the third quarter of 2022, easing 38.2 per cent since then due to a strengthening US dollar and a weakening global economic outlook.

As a senior Fitch official pointed out recently, “Looking beyond 2022, we expect prices to find support from a weakening US dollar and increasing import demand, largely caused by US trade restrictions on Mainland China. However, they do not expect a rally due to these expectations of a continued deterioration of the global economic outlook, which we expect to constrain demand. ” Fitch Solutions attributed the continuance of the Ukraine invasion as the most important cause for the current global outlook.

The forecast concludes by December 2023, cotton prices will be around $0.68 per pound, registering a sharp drop from a year ago. The forecast therefore, is a bearish one. The Fitch Solutions report pointed out global cotton output is expected to reach 118.1 million bales in 2023, up from 117.6 million bales in 2022, a year-on-year increase of 0.43 per cent. Of the primary producers, mainland China, India and Brazilian productions will see the most increase.

In China, the anticipated cotton output will reach 27.4 million bales of 480 pounds each in 2023, a year-on-year increase of 2.1 per cent. However, while posting year-on-year growth of 2.1 per cent, output is still expected to remain marginally lower than the average output between 2018 and 2022 of 27.8 million bales. As the US remains determined to continue its ban on Xianjiang cotton, the ongoing trade restrictions on goods produced in the Chinese province of Xinjiang have effectively removed much of China’s output from global markets, cutting global supply and providing support for increase in prices.

Source: fashionatingworld.com- Mar 02, 2023

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Cambodia & UAE finalise CEPA negotiations in 3rd round of talks

Cambodia and the United Arab Emirates (UAE) have successfully concluded the third and final round of talks regarding their Comprehensive Economic Partnership Agreement (CEPA). Both countries have agreed on their CEPA's text, chapters, and annexes, covering a range of issues such as trade in goods and services, investment, rules of origin, technical barriers to trade, intellectual property, and economic and technical cooperation.

The CEPA is expected to improve bilateral ties between the two countries and promote trade and investment flows, particularly between the Association of Southeast Asian Nations (ASEAN) and the Middle East. It is a type of free trade agreement that goes beyond the traditional coverage of commodities and includes provisions for services, investments, dispute resolution, intellectual property rights, government procurement, and other forms of economic cooperation.

The two countries have also agreed to hold a formal closing ceremony for their CEPA during the UAE's minister of state for foreign trade Thani bin Ahmed al-Zeyoudi's visit to Cambodia next month. The announcement was made following the successful conclusion of the final round of talks taking place in Dubai from February 20-22, according to local media reports.

No official signing date has been given for the CEPA, but local officials expect it to be signed by the end of the year.

Cambodia-UAE trade was worth $105 million in 2022, down by 28.57 per cent from $147 million in the previous year. Cambodian exports to the UAE totalled $70 million, up by 34 per cent year-on-year, while imports from the UAE were valued at $35 million, down by 63 per cent year-on-year.

Source: fibre2fashion.com- Mar 03, 2023

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Vietnam's sees modest boost in biz conditions in Feb 2023: S&P Global

In February 2023, Vietnam's manufacturing purchasing managers' index (PMI) climbed back above the 50 no-change mark, indicating a renewed strengthening in the health of the country's manufacturing sector following a three-month period of decline, according to S&P Global. The PMI was 51.2 in February, up from 47.4 in the previous month, and pointed to a modest improvement in business conditions.

Central to the strengthening in the health of the sector were signs of improvement in market demand. This helped firms to secure new customers and an expansion of new orders during February, the first in four months. Moreover, the solid increase in new business was the sharpest since last August. New export orders rose more quickly, expanding for the second month running on the back of a brighter international demand environment.

Rising new orders fed through to renewed increases in manufacturing production, employment, and purchasing activity midway through the first quarter. The modest increase in output represented a marked improvement from the sharp declines seen around the turn of the year. Underlying data suggested that the rise in output was mainly centred on investment goods producers.

Both employment and purchasing activity increased for the first time in four months during February, and were up modestly, helping firms to keep on top of workloads.

With market demand improving and new orders returning to growth, optimism regarding the year-ahead outlook for production continued to strengthen. Sentiment improved for the third month running and was the highest since September 2022. Confidence was also stronger than the series average. Some panellists added that the loosening of COVID-19 restrictions in Mainland China would also boost growth over the coming year.

The rate of input cost inflation quickened for the sixth month running in February, reaching its highest since June 2022 on the back of rising charges by suppliers and material shortages. In turn, manufacturers also increased their own selling prices at the fastest pace in eight months.

While price pressures intensified, there were more positive signs in terms of supply-chain performance. Suppliers' delivery times shortened for the second month running amid reports of smoother transportation and reduced congestion. Although modest, the latest improvement was the most pronounced since November 2019.

The use of inputs to support growth of production meant that stocks of purchases decreased in February in spite of an increase in input buying. That said, the fall was modest and softer than in January. A similar trend was seen with regards to stocks of finished goods, which decreased to the smallest extent in the current five-month sequence of depletion.

“Improving demand conditions both domestically and internationally breathed new life into the Vietnamese manufacturing sector during February, snapping a three-month soft patch around the turn of the year. Output, new orders, employment and purchasing activity all returned to growth as business confidence strengthened on an improving demand outlook,” said Andrew Harker, economics director at S&P Global Market Intelligence.

Source: fibre2fashion.com- Mar 03, 2023

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NATIONAL NEWS

The world today recognizes India as a leader of innovation: Shri Piyush Goyal

Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said that PM GatiShakti National Master Plan and National Logistics Policy (NLP) together will greatly help both businesses and people, improve competitiveness, improve investment into India and give the world confidence that India is on the rise.

He was addressing the gathering at the Indian Chamber of Commerce's (ICC) National Conference on GatiShakti in New Delhi today. Shri Goyal expressed his appreciation for the Indian Chamber of Commerce (ICC), which is based in Eastern India for coming to Delhi to engage with an initiative as crucial as GatiShakti.

Shri Goyal said that the world today recognized India as a leader of innovation. He observed that India has been rapidly developing new tools for good governance, ease of living, and ease of doing business, such as PM GatiShakti National Master Plan. He observed that gone were the days when India had to wait for decades for new ideas and technology to emerge in the west and adopt them to help our businesses and our people. He cited the Unified Payments Interface (UPI) framework as an example of India's technological prowess, and an initiative which has had a deep impact on the country's economy. He further informed that in December last year, India had clocked 7.28 billion digital financial transactions in one month, thanks to UPI. The Minister added that the world was now aspiring to adopt UPI for digital financial transactions.

The Minister emphasized that India was second to none in technology and new ideas, and that the PM GatiShakti initiative was yet another example of this capability. He recalled how the Prime Minister, about 15 years ago, conceived the idea of using geospatial technology to plan infrastructure better and set up BIZAG-N in Ahmedabad. He pointed out that the PM actively engaged with BIZAG during its formative years and planned infrastructure in Gujarat using the data points generated by the institute. As a result, Gujarat is far ahead of many other areas in terms of quality and speed of infrastructure development, he observed.

The Minister went on to demystify PM GatiShakti, explaining that it created layers of data where different geological, ecological and infrastructural elements across the country were mapped and captured. Currently, there are about 1300 layers of data, consisting of forests, wildlife sanctuaries, rivers, UNESCO world heritage sites, among others, he said and added that GatiShakti would not only address critical gaps in infrastructure but also help in planning social infrastructure such as schools, nursing homes, hospitals, etc.

The Minister further explained that the data layers of GatiShakti engage with each other through APIs, and if an alignment of a particular project was put into GatiShakti, it would highlight the challenges of implementation and help re-align the project, saving time and cost. He also highlighted that 12 states have digitized their land, which further strengthened the planning.

The Minister stated that no state has politicized GatiShakti, as it is an initiative that would help our businesses, our people and the economy as a whole. He added that reducing the cost of logistics is critical to achieving India's goal of becoming a developed country by 2047. He stated that PM GatiShakti, if used well, will help bring down logistics costs tremendously. He highlighted that all highways, railways, ports, and airports were mapped on GatiShakti, which would help in building seamless connectivity networks and creating a positive impact on the logistics ecosystem.

The Minister lauded the Prime Minister’s efforts in galvanizing small and developing nations to demand a fair agreement in the interest of equity and balance between the developed and developing world, which was finally adopted in COP 21 in Paris. The Minister observed that every world leader today was looking up to India, and that there was no part of the globe that did not look up to PM Modi to find solutions to challenging global problems.

The Minister also highlighted the success of the government in meeting the basic needs of life for its citizens, including food, clothing, shelter, health and education. He mentioned that India’s healthcare program, Ayushman Bharat covered over 500 million people and said that the New Education Policy has been accepted and lauded across sections. These initiatives, Shri Goyal said, had made India's population, especially the youth, highly aspirational.

The Minister stressed that GatiShakti is a national approach that has come out of exhaustive consultations and collective, collaborative efforts of countless stakeholders.

He concluded by expressing confidence that with the enthusiasm that he saw among the people of the country and the turbo-powered work that is happening in several fields, India may surpass the mark of becoming a USD 32 trillion economy by 2047.

Source: thehindubusinessline.com- Mar 01, 2023

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India-Australia trade deal to boost bilateral ties, says Tony Abbott

Former Australian Prime Minister Tony Abbott on Thursday said the recently-implemented trade deal between India and Australia would boost economic and bilateral ties between both nations.

“The existing FTA is good... can it be further developed? Yes, it can (be) and my understanding is that the trade ministers (of both the countries) will start discussions in coming days (on expanding the scope of the existing trade deal),” he said at a media briefing, adding that businesses on both sides should formulate strategies to take advantage of the deal.

The interim trade deal between both nations was signed in April last year but kicked in from 29 December. Both sides have now started working towards a comprehensive trade deal.

Abbott is here in India for the multilateral conference Raisina Dialogue.

“I will make it my personal mission... to make India a much more important strategic partner of Australia than China,” he said. In recent times, he said it was observed that China is using trade as a weapon against Australia and India would never do anything like that.

With regard to a question on Adani group, and allegations by Hindenburg Research, Abbott said that he has not seen the details of the report and “assume if there is anything in them, the relevant corporate regulators will do their job”.

“As far as I am concerned I regard Adani as a benefactor to Australia and I admire his success in building up a very large diverse business empire from scratch,” said.

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

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Pent-up demand. CEA Nagseswaran expects FY23 growth rate to be revised upwards

Chief Economic Advisor V Anantha Nageswaran, on Thursday, said that the urban economy is growing faster than rural economy. He also expects not just Q3 (October-December) of FY23, but the whole of fiscal growth numbers to be revised upwards. Further, he felt that there is still pent-up demand in the economy.

"Given the high-frequency indicators and the pace at which they are recovering, I do believe that the current year's are more likely to revised upward than downward," he said.

Earlier this week, the National Statistical Office (NSO) revised GDP growth data for the past three years — 2019-20, 2020-21 and 2021-22 — and also released the second advance estimates of GDP for 2022-23.

While the growth rate for 2021-22 has been revised up by 40 basis points to 9.1 per cent, from 8.7 per cent, the GDP for 2020-21 (Covid year), too, has been revised upwards to (-) 5.8 per cent, from (-) 6.6 per cent. For 2019-20 also, the growth has been revised upwards to 3.9 per cent, from 3.7 per cent.

However, the second advance estimates for 2022-23 real GDP growth was retained at 7 per cent as was projected in the first advance estimates in January.

Real GDP or GDP at constant (2011-12) prices in the year 2022-23 is estimated at ₹159.71-lakh crore, against the first revised estimate of GDP for the year 2021-22 of ₹149.26-lakh crore. First advance estimate for Q3 projects growth at 4.4 per cent.

Nageswaran said the rising interest rates need not necessarily be a cause of lower growth, but it only reflects the fact that there is healthy underlying demand for credit. Real interest rate is not very high at the moment, he said, adding there is pent-up demand in certain sectors.

About rural inflation remaining high, he said it doesn't take into account the fact that bulk of the population may be getting their essential food grains at zero cost. On the economic benefit of digitisation, he said digital transactions enable increase in formalisation.

"My guesswork is that it is adding between 30 and 50 basis points per annum to the provisional GDP.

Nobody has yet done the proper estimation of what the digital infrastructure is adding to overall potential economic growth [and] that needs to be worked out," he said.

Source: thehindubusinessline.com - Mar 02, 2023

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Private consumption seen to remain subdued

The revision in the previous years' data has had a marginal impact on the third quarter GDP estimates, but higher inflation as well as a fall in incomes and employment along with continued uncertainty over the economic climate has dented private consumption in the October to December 2022 quarter, many economists feel. They expect private consumption to remain muted even in the fourth quarter as the base effect wears off and pent-up demand fades away.

"The revision of the data of previous years has some effect on the third quarter figures but not a very strong effect. When incomes fell due to the impact of the Covid-19 pandemic, the precautionary motives of households increases and they started holding on to savings. That effect has continued beyond the pandemic due to the continued uncertainty," said DK Srivastava, chief policy adviser, EY India, adding that private consumption would rise once employment and incomes take off in small scale businesses and MSMEs.

According to the NSO data released on February 28, real GDP is estimated to have grown by 4.4% in the October to December 2022 quarter of the fiscal from 6.3% in the second quarter and 13.2% in the first quarter. More worryingly, indicating a dampening of private demand, private consumption expenditure is seen to have grown by a mere 2.1% in the quarter under review in real terms. In nominal terms, it increased by 8.1% to `43.9 trillion in the third quarter compared to `40.5 trillion in the second quarter of the current fiscal. However, the finance ministry has pointed out that the revision of GDP data for previous year has made the third quarter growth seem understated.

Madan Sabnavis, chief economist, Bank of Baroda said the consumption growth is slow due to high inflation. "Are people buying more? Probably not. Consumption is likely to remain under pressure in the fourth quarter as well as the pent-up demand in services will also go away. Auto sales could continue to remain high as the supply side issues are normalising," he said.

Data such as that on industrial output also shows that consumer durables have shown negative growth in many months. Industrial output grew by 4.3% in December 2022 from a year ago with consumer durables contracting by 10.4% in the month while consumer non-durables grew by 7.2%. With retail inflation rising to a higher than expected 6.52% in January, there is heightened expectation of a further hike in the repo rate, which is already at 6.5%, in the April policy review.

Analysts also point out that while consumer demand in higher income levels is still resilient, it remains subdued in mid and low income groups. "The pandemic and inflationary pressures have hurt a lot of people at the bottom of the pyramid and they are yet to recover," said an analyst. According to a report by Emkay Global Financial Services, the implied real GDP growth rate for the fourth quarter of the fiscal is 5.1% with PFCE seen to be rising by just 1.5%.

Sachchidanand Shukla, Chief Economist, Mahindra Group said, "We expect private final consumption expenditure to remain under a spot of bother and manifesting in the form of prolonged K-shaped recovery due to the lagged effect of interest rate hikes, subdued export demand, which will impact incomes in export intensive sectors like IT and textiles etc; and lastly the contraction in the centre's revenue expenditure this year at about 4% YoY."

While there is some expectation of a pick up in rural demand, but the current heatwave as well as concerns of El Nino are beginning to raise questions.

A report by Motilal Oswal said that overall, consumption demand has started its southward journey. Both rural and urban consumption grew at a three-quarter low of 4.6% and 6.6% year on year, respectively, in the third quarter of the fiscal. "Going ahead, though the central government continues to focus on the rural sector, weak income growth combined with higher interest rates could bring down overall consumption demand further," it said.

An SBI Ecowrap report however, noted that PFCE is expected to increase to Rs 164 trillion in FY23, with the yearly growth moderating to 14.8%. "The growth rate has moved back to double digits post Covid, indicating the positive growth momentum. Per capita PFCE also shows an improvement of over 10% yoy to Rs 63,595 crore in FY22 after dipping to Rs 57,728 crore in FY21," it further said.

Source: financialexpress.com - Mar 03, 2023

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Steps by Centre to increase exports by MSME sector: Official

The Centre has taken steps to enhance exports by micro, small and medium enterprises (MSME) sector by setting up facilitation centers across the country, an official said on Thursday.

The export facilitation centers will provide the requisite mentoring and handholding support to the sector and also help to set up a network of entrepreneurial leaders, the joint director of Indian Enterprise Development Service (IEDS) under the union MSME ministry, D Mitra told a seminar here,

The Centre will also help the entrepreneurs of the sector to ensure marketability of their products and services by way of visiting and participating in seminars, exhibitions and conferences, he said.

Support will also be given in areas like technology infusion, exploration of business opportunities and forging joint ventures, he said.

According to the MSME ministry, the market is getting bigger with the advancement of digital technologies and opening up of more export markets.

Mitra said this is the time to sensitise exporters about the present and future potential of export promotion for growing the business.

The MSME ministry is working to make the units familiar with digital marketing, procure from Government E Marketplace and adapt to public procurement policy.

According to government statistics, the share of MSME products in national exports is in excess of 34 per cent.

Source: economictimes.com- Mar 02, 2023

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Indonesia's fibre exports to India rises 155% in 2022

Indonesia's fibre exports to India have seen a sharp rise in 2022, increasing by 155 per cent from the previous year. The shipments to Bangladesh also increased by over 15 per cent. However, the exports to China from Indonesia decreased in 2022. Indonesia has large production capacity of man-made fibre, developed mostly by Chinese majors.

Indonesia's exports of fibre to India jumped 155.31 per cent from the shipments of $47.962 million in 2021. The outbound shipment had slipped to $37.090 million in 2020 from $52.500 million of 2019, but it recovered to $47.962 million in 2021. The shipment was $49.576 million in 2018 and $31.752 million in 2017, according to Fibre2Fashion's market insight tool TexPro.

Similarly, Indonesia's exports of fibre to Bangladesh dipped to $81.198 million in 2020 after reaching $101.343 million in 2019, but it increased to $131.174 million in 2021 and $154.880 million in 2022. Last year, the trade between Indonesia and Bangladesh increased by 17.55 per cent.

A reverse trend was seen in fibre exports from Indonesia to China. The exports dipped 21.59 per cent to $69.387 million in 2022 from the shipment of $88.290 million in 2021. The shipment fell to $37.555 million in 2020 from $82.629 million of 2019. It recovered sharply to $88.290 million in 2021 but slipped again in 2022, as per TexPro.

China has its own large production capacity of MM fibre. However, Bangladesh is dependent on supplies from other countries. India is also partially dependent on supplies from abroad, but it is making efforts to create large capacity and planning to discourage foreign supplies.

Source: fibre2fashion.com- Mar 03, 2023

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Cotton yarn prices steady as buying improves in north India

North India's cotton yarn market has seen a slight improvement in sentiments today due to higher buying in anticipation of a price rise. However, cotton yarn prices in Ludhiana and Delhi remained steady. Buyers are interested in new deals as they expect an increase in prices by spinners, and mills are not keen to sell their stocks at lower prices.

Ludhiana has witnessed limited but consistent demand, with cotton yarn prices hovering at previous levels. "Spinning mills preferred to hold their stock instead of selling at lower prices, as they were bullish on yarn trade because of strong demand from the export market," a trader from Ludhiana market told Fibre2Fashion.

In Ludhiana, 30 count cotton combed yarn was sold at ₹283-293 per kg (inclusive of GST). Meanwhile, 20 and 25 count combed yarns were traded at ₹273-283 per kg and ₹278-288 per kg, respectively. Carded yarn of 30 count remained steady at ₹262-272 per kg, according to Fibre2Fashion's market insight tool TexPro.

In Delhi, cotton prices remained stable despite improved buying from the consumer industry and export market. A trader from the Delhi market told F2F, "Buyers are expecting an improvement in polyester-cotton and cotton yarn prices and are keen for new deals to utilise the current buying opportunity." As per TexPro, 30 count combed yarn was traded at ₹285-290 per kg (GST extra), 40 count combed at ₹315-320 per kg, 30 count carded at ₹266-270 per kg, and 40 count carded at ₹295-300 per kg.

Panipat's recycled yarn market has registered a steady trend in recycled yarn prices, but cotton comber prices have further increased by ₹4-5 per kg due to limited supply and higher consumption. A trade source has said that cotton comber supply will increase because of higher production of cotton yarn by mills, but the market will take some time to settle down on better supply.

In Panipat, 10s recycled yarn (grey) was traded at ₹88-92 per kg (GST extra), 10s recycled yarn (black) was traded at ₹60-65 per kg, 20s recycled yarn (grey) at ₹105-110 per kg, and 30s recycled yarn (grey) at ₹150-155 per kg. Comber prices were noted at ₹155-160 per kg. Recycled polyester fibre (PET bottle fibre) was noted at ₹74-77 per kg.

North India's cotton prices have bounced back due to improved demand from spinners, with prices increasing by ₹30-50 per maund of 37.2 kg in Punjab, Haryana, and Rajasthan. According to traders, cotton prices have improved after a sluggish trend in the last couple of days, with better buying from spinning mills.

Most mills are now running at 80-100 per cent production capacity. Cotton arrival was noted at 15,000 bales of 170 kg in north Indian states. Cotton was traded at ₹6,310-6,410 per maund in Punjab, ₹6,310-6,410 per maund in Haryana, and ₹6,520-6,620 per maund in upper Rajasthan, and at ₹60,200-62,200 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com- Mar 02, 2023

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Polyester-cotton yarn market hit by sluggish demand, prices down

The polyester-cotton (PC) market in India has been hit by sluggish demand and that has lead to a decrease in prices by Rs 2-3 per kg in Ludhiana. Poly-spun yarn has been affected as well and has remained weak in Ludhiana and Surat. Due to low demand from end users, buying by the local garment industry was low.

Polyester yarn, however, gained in price in Ludhiana by Rs 1-2 per kg as well as in Surat. Due to poor demand, the Ludhiana market was bearish. "Demand from downstream industry was very poor. Poly spun and PC yarn could not sustain at the previous levels, but PC yarn performed better," a trader from the Ludhiana market was quoted as saying.

For the current week, Reliance Industry Limited (RIL) maintained its prices for purified terephthalic acid (PTA), monoethylene glycol (MEG), and MELT at Rs 81.20 per kg, Rs 57.10 per kg, and Rs 89.25 per kg, respectively, with the company maintaining polyester staple fibre (PSF) at Rs 106 per kg.

Due to high arrival and limited demand from spinning mills, prices in the north Indian cotton market softened by Rs 30-50 per maund of 37.2 kg. Although spinning mills are running at almost full capacity of 80 to 100 per cent, they are avoiding paying higher prices for cotton. However, exporters are showing good demand even as domestic demand from the garment industry remains weak.

Source: apparelresources.com – Mar 02, 2023

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