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INTERNATIONAL NEWS

How to treat booming demand in China local market?

After Chinese Lunar New Year started in Feb, the demand in China local market has been booming. The market participants keep asking that why the good performance of demand has not been strongly felt by the plants.

First, the number of tourists during the Spring Festival reached 308 million, a year-on-year increase of 23.1%, returning to 88.6% of the comparable 2019 level.

In Feb, the PMI hit a 129-month high of 52.6%. Although social retail data was not released in Jan, the retail data published in mid-March is expected to perform well.

As to textiles, apparels and home textiles, traders for each link started to actively build up stocks. Last week, the analysts from CCFGroup visited the Nantong market and found that the supply of bedding products was tight, and some specifications of yarn raw materials were even out of stock.

Based on various performances, it is an objective fact that domestic demand boomed in Feb, then how to treat such prosperity?

Firstly, it is the result of expectation for economic recovery. With the shift of the epidemic control policy, people's living patterns have undergone significant changes. Family visits, tourism, travel, business, and even investment activities have increased significantly.

Secondly, the deposits of the resident increased significantly by 17.84 trillion yuan and hit new highs in 2022, which means a huge consumption potential.

Thirdly, the inventory of traders is relatively small. There is obvious demand for restocking in most links, and some buyers even replenished stocks for quarterly or even semi-annual consumption. But there are particularities and limitations for such recovery.

Take the number of tourists for example, the flow of people has been greatly restricted since the epidemic outbreak, and some migrant workers have not been able to return to their hometowns for three years. After the epidemic control was lifted and the manufacturing industry in East China greatly increased the holidays, the number of tourists still failed to return to the pre-epidemic level after those returnees were included in the number of tourist trips. At the same time, tourism revenue has only recovered to 73% of the previous level, lagging behind the recovery of the number of travelers.

Although a huge amount of household deposits have been accumulated in the past year, the increase in the deposits is not only a reduction in passive consumption scenarios, but also a response to future uncertainties. At the same time, the structure of the distribution of these deposits in the residential sector is also noteworthy. Considering the Gini coefficient of 0.468 released by China in 2020, the distribution of deposits is not very even. According to the data from China’s central bank, the proportion of depositors with a deposit amount below 500,000 yuan in China is as high as 99%. Under the environment of delayed retirement and medical insurance reform, it will restrain the release of consumption by the general public.

The intensive stocking by traders is largely due to the swing epidemic prevention policy since Nov of 2022, the concentrated outbreak of the epidemic, and the long Spring Festival holiday, resulting in less stocking before. Although the recent stocking has brought about a surge in demand, with the completion of the stocking, this large-scale stocking cannot be sustained. Even if the demand starts to recover later, it will turn to a normal restocking rhythm. Therefore, the robust demand is not likely to be sustainable.

Returning to the question at the beginning of the article, the recent contradiction between strong demand and poor feeling of the plants, the core problem is cycle mismatch. At present, the quantity that can be supplied in the market is mainly the output from Dec 2022 to Feb this year. During this period, affected by factors such as the epidemic and the Spring Festival, the real stable production only lasted for more than one month, while the demand was released for Mar-May that is expected to rise. When the long-term demand is released in the short term in Feb, it will obviously lead to strong demand.

China's economy has made great achievements since the beginning of this century, which has been contributed by people's hard work and wisdom, and the government's coordination and organization. It also benefits from a stable and open international environment and vigorous global demand.

Since the Russia-Ukraine conflict, the stable and open international environment has been challenging, and the status quo has become increasingly indescribable.

As for textile industry, while seizing the opportunities of economic recovery, the participants still need to remain in awe of the current uncertain global situation. The 17th China Hangzhou Cellulose Fiber (Viscose) Industry Forum will further discuss on the current situation and countermeasures.

Source: ccfgroup.com- Mar 13, 2023

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ICE cotton hits down limit with the influences from industry and macro environment

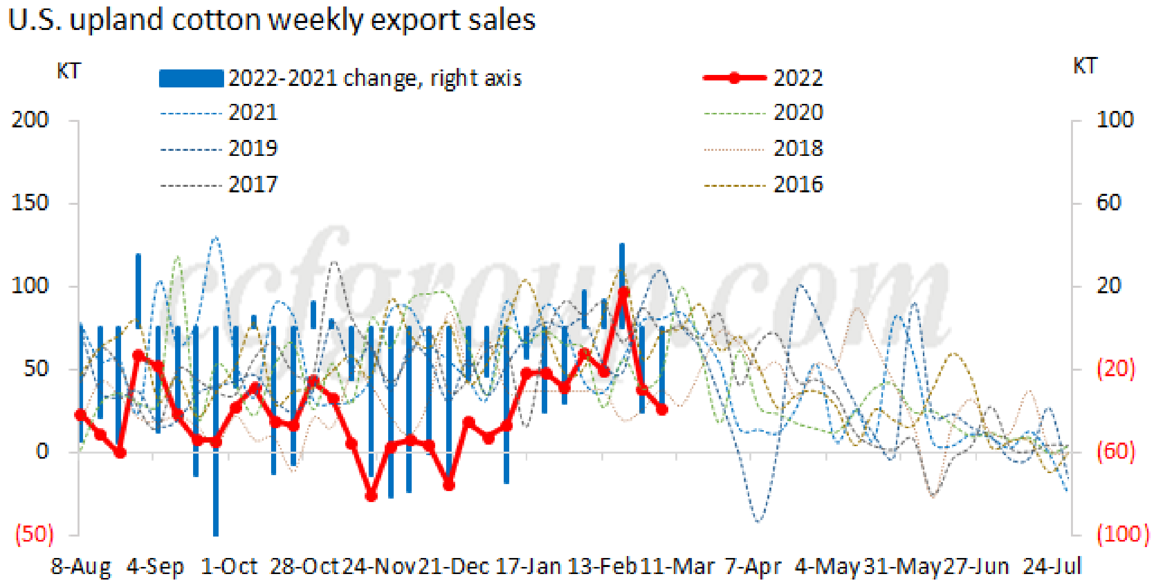
Last Friday, ICE major cotton contract fluctuated downward and hit the down limit to 78.18cent/lb impacted by the news about Silicon Valley Bank's failure and with no favorable support from the cotton industry.

Viewed from the angle of the industry, cotton planting has been complete in South Hemisphere and the intensive planting in North Hemisphere has not yet to come.

There was no much speculation on supply side. Meanwhile, cotton export and consumption data was weak outside China, and combined with the effect of Silicon Valley Bank's failure on macro environment, ICE cotton futures market went downward.

1. Purchases from China inactive, and U.S. cotton weekly export sales dull to grow later

When ICE cotton futures weakened to nearly 80cent/lb in mid-Feb, U.S. cotton weekly export sales increased to a marketing-year high of 96.8kt, but later, the export sales have not maintained high, and reduced again.

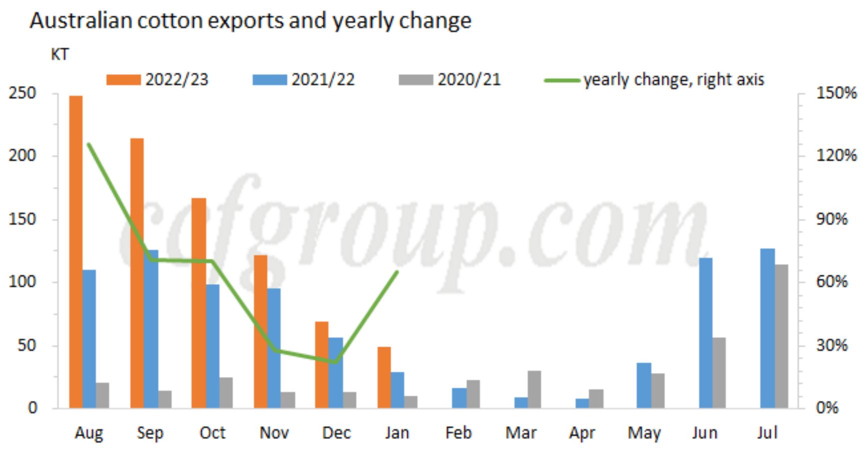


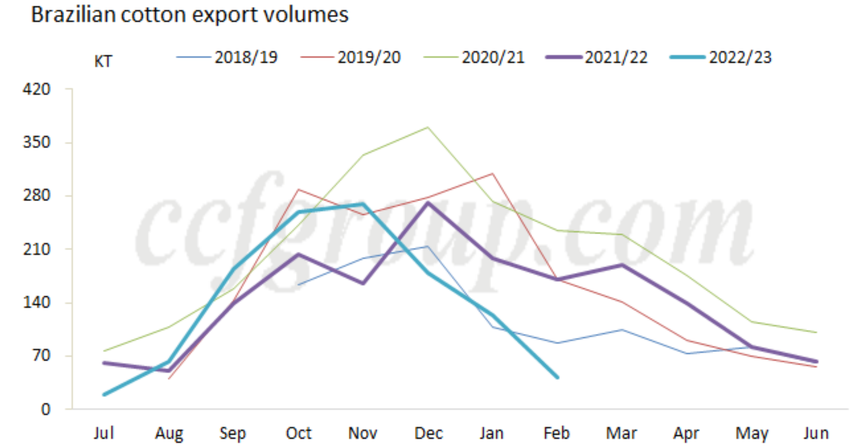
Meanwhile, the U.S. cotton export sales to China have declined largely in 2022/23 season. By Mar 2, the total export sales to China were 523kt, a fall of 45% year on year. Moreover, the purchases from Southeast Asia also witnessed weakness. Many Southeast Asian buyers turned to purchase Brazilian and Australian cotton.

After communicating with the imported cotton traders in China, it was understood that since the Chinese Lunar New Year holiday, except the moderate sales during the first week returning from the holiday, imported cotton market sentiment maintained thin continually and the demand for imported cotton was limited. Some export orders were also flew into Southeast Asia. Therefore, demand for imported cotton in China weakened and the purchases of U.S. cotton may be hard to recover apparently later.

2. Global cotton trades reduce evidently

Recently, monthly export volumes of Brazilian and Australian cotton reduced apparently. In Jan, Australian cotton exports were 49kt, down 28% from previous month. In Feb, Brazilian cotton exports were 57.8kt, down 65.3% year on year. Looking from the cotton exports of Australia and Brazil and the low U.S. cotton exports, international cotton trades weakened apparently, and cotton consumption outside China kept downward.





3. USDA's Mar supply and demand report is bearish somewhat, and stocks are expected to rise

In USDA's Mar supply and demand report, 2022/23 beginning stocks are forecast higher by 190kt, and global cotton production is forecast 160kt higher. Global cotton consumption is forecast lower, leading to a further rise of 450kt on global ending stocks. 2022/23 cotton stocks are expected to increase, and global cotton supply is forecast to be excessive, suppressing cotton prices to go up.

Looking from the global cotton supply and demand, the bullish factors on cotton prices are very limited currently. Players are waiting for the USDA'S Prospective Plantings Report in end Mar, and if the report gives support to cotton prices, the reductions of areas will not be small. In addition, with regards to the import and export data recently, the cotton trades reduce apparently, and global cotton consumption is weak. With the long-time weakness of consumption, ICE cotton futures keep range-bound, putting certain pressure on ICE cotton futures, and combined with the Silicon Valley Bank's collapse, the market sentiment is impacted periodically. ICE cotton futures market dives.

Later, the U.S. Treasury Department, the Fed, and the Federal Deposit Insurance Corporation announce joint action to stabilize the U.S. banking system, so market sentiment warms up somewhat. Meanwhile, as ICE cotton futures dip below 80cent/lb, speculative replenishment increases, driving up ICE cotton up to around 80cent/lb. Later, whether the demand from downstream spinners, especially from Southeast Asia, can support the market needs to be watched.

Source: ccfgroup.com- Mar 14, 2023

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China: Textile demand: cotton sector outperforms polyester field

Firstly, in terms of home textiles, the demand for home textile from real estate is not good, but the demand for home textile from the renovation at home and hotel is good at the beginning of 2023, especially the demand for cotton home textile. The supply of cotton home textiles falls short of demand in Nantong, Jiangsu, and the order schedule is relatively long. The chemical fiber home textiles performs modestly.

Secondly, looking at apparels, due to the early holiday at the end of last year, the spring and summer fabrics were not fully prepared, so the seasonal demand for fabrics rebounded significantly at the beginning of this year compared with previous years, and some best-selling fabrics are even in short supply. However, after the fabrics are finally made into apparels, the actual sales needs time to observe. At present, spring apparel has been on-sale, some summer clothing has been listed in advance, and a large number of clothes are going to come to the market.

Finally, from the angle of speculative demand, due to the uncertain factors of the epidemic at the end of 2022, there were many stocks in the intermediate links. After the beginning of 2023, the epidemic has been faded, and there is a greater demand for replenishment in the intermediate links. Some fabric traders are ready to stock up for two months or a quarter at the beginning of 2023. It can be said that the intensive replenishment of intermediate sector has brought a surge in short-term demand, pushing domestic demand to a high point. However, this centralized replenishment is expected to be difficult to sustain.

Cotton textiles perform better than polyester sectors after the Spring Festival holiday, including the sales of cotton fabrics for apparels and home textiles. Diversified cotton and polyester industrial chain is mainly due to the following reasons:

1. Cotton fabrics are suitable for home textiles and apparels, so the consumption in spring and summer is large. Polyester fabrics are used more in autumn and winter home textiles and apparels.

2. Cotton is affected by the sanction of the Western countries, so players pay more attention to domestic consumption in recent years. Therefore, demand for cotton textile was affected more by that for polyester ones in

2020-2022. However, with the fading of COVID-19 pandemic, domestic demand apparently improves. The stimulus to cotton textiles is also bigger than that to polyester ones.

The foreign trade is sluggish at the beginning of 2023, especially from Europe and US, while diversified appearances are seen.

The export orders to Europe and the United States have dropped significantly in 2023, and some export-oriented enterprises reflect that orders have reduced by 20-50% compared with the same period of last year. By contrast, export orders to South America and the Middle East have been maintained, mainly because soaring replenishment in these regions after a sharp drop in sea freight. However, these export demand is limited, so it is difficult to support the whole foreign trade market. In addition, some nations such as Egypt, Pakistan, Bangladesh and other countries, due to the lack of national foreign exchange reserves, witness hiking payment risk, which affects foreign trade. However, although some fabric mills who are engaged in export still run at high capacity and hoard up stocks at the beginning of 2023 to retain workers despite of bad orders.

Dyeing plants are very busy due to many reasons and its sustainability should be noted.

As for the dyeing plants, the printing and dyeing plants run at high capacity in Jiangsu and Zhejiang, and the warehouse is full in some producers, mainly for three reasons.

1. Printing and dyeing enterprises had an early holiday last year, so at the beginning of 2023, with moderate orders taken before and new orders, some dyeing factories' warehouse was full.

2. At the end of 2022, the fabric merchants did not hoard much goods. The best-selling fabrics in spring and summer are pink, yellow and blue, but the fabrics of this color are rarely available as most traders only hoarded up white, black and grey ones before. The best-selling fabrics need to be dyed now.

3. At present, in addition to some seasonal fabrics and export orders, nearly 30-40% of the orders produced by the dyeing factory are ordered by woven fabric traders. In particular, some large woven fabric traders are seizing the resources of dyeing factories, as far as possible to ensure that their goods can be delivered in the near future. Some dyeing plants witness

busy orders now and the orders can guarantee production until end-Mar/early-Apr. The sustainability of new orders needs further observation.

Summary

In general, from the pandemic lockdown, pandemic infection peak and earlier holiday schedule at the end of 2022 to the fading of pandemic influence, recovering confidence and rising run rate at the beginning of 2023, downstream demand saw rapid recovery, including the demand from hotels and home design, demand for seasonal apparels and speculative demand from the middle link.

We expect downstream demand may have limited space to grow further in Mar-Apr and the later sustainability of domestic orders should be highly noted. Some customers reflect that the new orders have shown signals to weaken, while it is not common temporarily. After intensive release in Feb, the domestic demand is likely to weaken in end-Mar and the pressure may increase in Apr-May when foreign orders still do not grow. The operating rate of downstream plants is expected to fall in end-Mar/early-Apr.

The operating rate of downstream plants is estimated to reduce in end-Mar/late-Apr and the polyester polymerization rate may start falling in late-Apr. By Mar 10, the polyester polymerization rate was at 88.9%, which may slightly increase to 89-90% this week and then hold stable later.

Source: ccfgroup.com- Mar 13, 2023

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UK economy to shrink in 2023 before rebounding; exports to fall: BCC

The British Chambers of Commerce (BCC) expects the UK economy to avoid a technical recession, but shrink by 0.3 per cent this year, before returning to growth next year. Inflation will slow to 5 per cent by the fourth quarter (Q4) of 2023. The economy will not return to its pre-pandemic size until Q4 2024, BCC forecast. A 4.5 per cent fall in exports is predicted across 2023.

Exports were stronger than expected in the second half of 2022. BCC research also shows that while overall export values have held up, many smaller companies are not reporting any improvements in their trading conditions.

In the immediate term, BCC is expecting Q1 2023 to see the gross domestic product (GDP) fall, before three quarters of flat or weak growth, leading to an overall contraction of 0.3 per cent for the year, BCC said in a release.

This is a slightly more optimistic outlook than predictions of either the Office of Budget Responsibility or the Bank of England (BoE).

BCC expects the economy to grow in 2024 at 0.6 per cent compared to the BoE's forecast of 0.25 per cent shrinkage.

Despite a big drop in business confidence in Q3 2022, this now appears to have stabilised albeit at a lower level. Business investment has now returned to pre-pandemic levels, although it was not performing well then, BCC said.

BCC expects the UK unemployment rate to rise to 4.5 per cent in 2023, then 4.8 per cent in 2024 and then dipping to 4.1 per cent in 2025.

Source: fibre2fashion.com- Mar 13, 2023

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UK govt proposes expanding powers to decide trade remedies' outcomes

The UK government has proposed changes to the country's trade remedies regime, giving the government additional powers to decide the outcome of trade remedies investigations while maintaining the Trade Remedies Authority's (TRA) independent investigatory and recommendation functions. The changes are set to be introduced in the Finance Bill this month.

The proposed changes, which were announced in a statement by the secretary of state for the Department for Business and trade (DBT), include the TRA taking on responsibility for investigating bilateral safeguard cases as part of free trade agreements. The government would also have ministerial powers to request the TRA to provide alternative options to its main recommendations, override the TRA's Economic Interest Test on public interest grounds, ask the TRA to re-evaluate a recommendation, and take a different decision to that recommended by the TRA, said the public body in a press release.

"I welcome the fact that this government review has recognised the value the TRA holds as an independent body, providing impartial, evidence-led recommendations. The announcement also extends the TRA's remit to include bilateral safeguards cases under the UK's growing number of free trade agreements. We look forward to working closely with the Department for Business and Trade to ensure our current and future users of trade remedies understand the changes so they can be implemented smoothly," said TRA chair Simon Walker.

The UK government has responsibility for setting trade remedies policy, within the international rules established by the World Trade Organization. The TRA operates the UK's trade remedies regime within this framework.

Source: fibre2fashion.com- Mar 13, 2023

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Intertextile Apparel's fringe programme to hold 35 events in Shanghai

Running in conjunction with the Spring Edition from March 28–30, 2023, at the National Exhibition and Convention Center (Shanghai), Intertextile Apparel's fringe programme will supplement visitors' overall sourcing experience. Featuring experts from around the world, over 35 seminars, forums, and panel discussions will take place during the three days at Textile Dialogue, Forum Space, and Talking Point, the fair's fringe event zones.

The Intertextile Directions Trend Forum at the International Hall (5.1) will help industry players envision its potential with its S/S 2024 trend – 'Go Ahead'. The trend follows four themes—Mission Earth, Poetic Sensuality, Alternative Cults, and Energetic Reset. Ornella Bignami, creative director of Elementi Moda, will introduce the seasonal trend stories at Textile Dialogue (5.1 – H48), organiser Messe Frankfurt said in a press release.

Encapsulating this forward-thinking ethos, a recent action plan from the China National Textile and Apparel Council encourages the industry to embrace digital transformation in manufacturing. Industry experts who will share their insights on this new development, in Themed Forums at Textile Dialogue (5.1 – H48), include Edwin Keh, chief executive officer, The Hong Kong Research Institute of Textiles and Apparel; Jenny Cheung, lecturer, Technological and Higher Education Institute of Hong Kong; Jinsong Bao, professor, director, Institute of Intelligent Manufacturing; Lei He, founder and CEO, Xtretch Technologies LLC; Ruofa Xiao, deputy general manager, Huansi Intelligent Technology Inc; and Xiaogang Ye, CEO, Hangzhou Githink Intelligent Control Technology Co Ltd.

Throughout the three-day fringe programme, attendees can expand their knowledge about the apparel industry's other trends and innovations, which are divided into three groups, namely Design and Trends, Sustainability Issues, and Technology and Solutions.

'NellyRodi Spring/Summer 2024 Fashion Trends,' '24SS Women's Fashion Trend Forecast,' and 'Promostyl Influence & Colour for 24SS' will take place under the Design and Trends category at Textile Dialogue (5.1 – H48).

Ada Xu, senior trend lecturer from NellyRodi China, will share the agency's S/S 2024 fashion trends, under the main theme 'Elsewhere'. Four trend themes will cover different consumer profiles, and each theme will include insights about colour, textiles, shapes, beauty, and more.

Benedicte Peaudecerf, stylist from PeclersParis, will discuss extracts from various trend publications, to inspire and guide audiences towards creating stylish, innovative products for women's fashion in the spring and summer of 2024.

Olivia Huang, head of Promostyl China, will discuss megatrends and provide consumer analysis. Her insights will extend to the seasonal colours, design inspiration, and overall direction for 24SS.

'Creating a Greener World Through Sustainability Certifications' and 'Green Circular Fashion and Low Carbon Development in the Textile and Garment Industry' will take place under the Sustainability Issues category at Forum Space (5.1 – A01).

Sustainable development is a consistent talking point within fashion and apparel circles. Ceed Guo, China general manager, audits and certification, from IDFL, will reveal how sustainability certifications enable an eco-friendlier outlook for the textile industry.

With the market's increasing attentiveness to sustainability, the transition towards energy-saving and a circular economy has gradually become a widespread goal of the fashion industry. Seeker He, senior technical consultant/project manager from SGS-CSTC Standards Technical Services, will discuss how to create more sustainable fashion and a low-carbon industry by utilising eco-friendly recycling materials and promoting carbon emission reduction design innovation.

Fresh by Nature – Botanical Odour Control will take place under the Technology and Solutions category at Talking Point (7.1 – E136).

Recently, consumers have been reducing their laundry routines in efforts to lessen their environmental impacts. This drives the technological requirement for more effective built-in odour control from clothing and home textiles. Celine Huang, CEO Greater China from HeiQ Materials AG, will offer insights on how to adapt the company's unique patented technology to more easily cater to consumers' needs, added the release.

Intertextile Shanghai Apparel Fabrics – Spring Edition 2023 is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre. It will take place alongside the Spring Edition of Intertextile Shanghai Home Textiles, Yarn Expo Spring, CHIC, and PH Value.

Source: fibre2fashion.com- Mar 13, 2023

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North Carolina's Manufacturing Solutions Center Seeks Textile Innovators

The city of Conover in North Carolina is home to one of the nation's little-known innovation hubs for the textile sector. But it's poised to make a bigger name for itself as consumers, corporations and the government seek inventive solutions produced close to home.

A part of the Catawba Valley Community College, the Manufacturing Solutions Center's (MSC) incubator program has attracted North American startups, from apparel and accessories brands to textile producers, furniture makers and engineers. Founded in 1990, the center served as an innovation lab for hosiery, once the area's prevailing textile business. But the state's longstanding heritage in fabrics and furnishings has proven a strong foundation for a new generation of textile and technology entrepreneurs.

On Mar. 31, the center will officially open its second facility, MSC II, making more room for companies to develop, test and manufacture their products. The MSC has accepted seven startups in total, and was "bursting at the seams" before a $9-million Covid-era PPE grant from the federal government to the city of Conover made it possible to fund expansion, according to Jeff Neuville, the Center's director. The new 75,000-square-foot facility houses advanced technology and equipment worth hundreds of thousands of dollars, and is the product of investments by the college, the city, the private investment group Whiskbroom, and investor Ingram Walters.

Four graduates of MSC's incubator program have taken up residence in MSC II as they look to scale production for their growing businesses. They include Nufabrx, which has developed a patented process for integrating pain relief medication into items like socks and knee braces, delivering treatment directly to the source, and YoU Compression, a podiatrist-founded brand of fashionable compression garments and hosiery for wearers with diabetes or other medical conditions. InnovaKnits, a contract knitter that has worked on U.S. government projects to develop products with Kevlar and other unique performance fibers, and Evolved by Nature, a Massachusetts-based firm developing cosmetics and apparel technologies made from silk protein, have also set up manufacturing pilots in MSC II. As the incubator companies move into the new facility, the MSC is seeking its next collective of entrepreneurs.

"We're very proud of the ecosystem that we've created here," Neuville said, adding that tenants can also conduct critical product testing. "That might be to validate that their product does what they think it can do, or to test its limitations."

The MSC's lab can test dimensional stability, shrinkage and colorfastness, as well as abrasion-resistance and antimicrobial properties. "We have an antimicrobial lab that can determine if bacteria is inhibited on a product after washings," he said, along with a weathering lab "to see the impact of simulated sunlight or humidity conditions on fabric." Flammability testing can also be conducted on apparel and upholstery. "We can assist them with product development, whether it be textile or structural, and there are a lot of assets in the building that they're able to utilize to bring their product ideas to life," he added.

Industry expertise and infrastructure are essential resources for companies just starting out, as costly investments in product testing and production machinery can be a barrier to entrepreneurship. MSC II houses a dedicated fabric formation lab outfitted with Santoni seamless knitting machines, a best-in-class cut-and-sew line, washers, dryers, steam tables, dye equipment, printers and expanded structural engineering capabilities.

"A strong manufacturing base is just so critical to our to our country's economy, and our mission is to focus on what we can do to support U.S. manufacturing and encourage innovation and creativity," Neuville said. The functionality of textiles is evolving, with the advent of wearable technologies to promote health and wellness, along with new performance capabilities. "That has created a lot of interest and opportunity, and we want to be a part of supporting those efforts and making sure that there are resources out there for those companies," Neuville added/

The federal government has also ramped up its focus on U.S. manufacturing following the years-long disruption caused by Covid and global supply chain slowdowns.

Funded in part by the U.S. Department of Energy, the 168-year-old Remade Institute last month issued a Request for Proposals (RFP) worth $20 million in grants for organizations developing technologies that support U.S. manufacturing and decarbonization goals. Funding is comprised of $10 million in federal funding and $10 million in cost share.

The program aims to promote U.S. manufacturing competitiveness while advancing the country's sustainability agenda. Remade said it will fund projects that help to secure the domestic supply chain, reduce energy consumption, support a transition to clean energy, and advance the circular economy.

Research and development projects must align with Remade's focus areas, from designing for reuse, re-manufacturing, recovery and recycling, to manufacturing materials optimization. They must also address one or more of Remade's designated "energy-intensive material classes," which include metals like steel and aluminum, polymers and plastics, fibers like paper and textiles and electronic waste. New technologies could have applications across industries, from automotive to packaging, electronics and more.

"By focusing Remade's investment on RD&D projects, we can develop solutions that have the most significant energy, environmental, and economic impacts nationwide," CEO Nabil Nasr said. Prospective applicants can submit proposals on the Remade Institute's website at remadeinstitute.org.

Source: sourcingjournal.com- Mar 13, 2023

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In-store sales in US rise 5.5% YoY in Feb 2023: Mastercard

US retail sales excluding automotive were up 6.9 per cent year-on-year (YoY) in February 2023, as per Mastercard SpendingPulse, which measures in-store and online retail sales across all forms of payment. In-store sales in the country were up by 5.5 per cent YoY for the same month.

Following months of strong growth, e-commerce sales continued to climb, up 13.2 per cent YoY as winter weather activity in many parts of the country kept consumers inside and ordering from the comfort of home, Mastercard said in a press release.

Apparel and department store sectors experienced modest YoY growth in February at 3.9 per cent and 5.6 per cent, respectively, as consumers put an emphasis on pricing and value. In particular, Valentine's Day drove a spike in sales across gifting sectors, including apparel and department stores.

"Following a dynamic holiday season, consumer spending returned to a familiar and healthy balance in February. Consumers have remained resilient, prioritising discounts where possible to counteract inflationary pressures," said Steve Sadove, Mastercard senior advisor and former CEO of Saks, Inc.

"Retail spending continued to grow at a steady rate compared to 2022. The consumer remains supported by robust labour market conditions with some added cushion from savings," said Michelle Meyer, North America chief economist, Mastercard Economics Institute.

Source: fibre2fashion.com- Mar 13, 2023

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What Turkey's Garment and Textile Industry Needs Most

The world has no short supply of bad news, which means that disasters will dominate headlines for a while before making way for the next terrible thing. Gümüşer saw this happen with the cataclysmic monsoon floods in Pakistan, which left a third of the nation underwater last year. It happens with deadly building collapses, military takeovers and full-blown invasions. Now he's worried it'll happen with the pair of earthquakes that shook parts of the country to their foundations in February, killing more than 46,000 people and leaving a million homeless.

"Time passes and we forget," Gümüser said. But manufacturers in the region need more than goodwill and charity to recover, especially those who have lost their factories and are feeling unmotivated. He expects at least 10 percent of Turkey's garment and textile exports to be redirected as a result of disruptions to production. In Kahramanmaras, a major spinning and dyeing hub where Kipas Textiles operates 25 facilities and employs 6,500 people, the devastation has been so great that most of the factories there are unlikely to restart before June. Some may not be able to pick up the pieces until the end of the year.

Kahramanmaras is just one province. In the 11—formerly 10—cities that surround the tremors' epicenters, more than 1,600 companies and nearly 1,300 textile mills, accounting for 15 percent of Turkey's garment and textile industry, reside, said Cem Altan, president of the International Apparel Federation and a board member of both the Istanbul Apparel Exporters Association and of the Turkish Clothing Manufacturers Association.

More than half of businesses in the affected regions have been dealt some level of damage, Altan said, though a bigger issue is the 350,000 workers, comprising one-third of the entire sector's workforce, "who have lost their lives or lost their loved ones and have still not recovered from the shock." Infrastructure damage also continues to interfere with critical services such as communication, electricity and water.

Sheltering survivors whose homes were destroyed is perhaps the bigger hurdle to resuming production, he noted. Over the past three years, companies surrounding the impact zone have been able to invest in a 25 percent increase in production capacity. Coupled with the recent slump in orders due to the global economic slowdown, newer facilities in Bursa, Denizli, Istanbul and Tekirdağ to the west will be able to pick up any slack. "Because the number of tents and container homes is limited and they take time to build, people are leaving the cities and moving to other cities where they have families," Altan said. "We're getting help from Turkish individuals, companies, NGOs, foreign help and, of course, the government to provide shelter to those who have no homes but this is a slow process."

Gümüser agreed that finding accommodations for the 1,000 employees who lost their homes has been challenging, though the company is looking to construct some housing once authorities give it the green light. Kipas Textiles, he noted, was a "little bit lucky." While its buildings were pummeled by the earthquakes, none collapsed. The company's machinery took some hits, too, but nothing critical. That's not to say it has emerged unscathed. More than 40 of its employees were killed when the earthquakes struck.

But Kipas Textiles has been able to rally, restarting some of its spinning and weaving facilities to churn out the tent fabrics that are currently in short supply. If everything goes according to plan, roughly 70 percent of Kipas Textiles' spinning capacity will be recovered by the end of March, Gümüser said. And since its denim production wasn't "seriously affected," it should be able to hit full capacity on those lines in April. Non-denim is a slightly different story, but the manufacturer is slowly working its way up as well. A lot hinges on the workers, of course. While it's down to 50 percent of its workforce, it's hopeful that it can coax more to return when more housing is in place.

"Our customers were really surprised at how fast we restarted," Gümüser said, noting that timelines were pushed back by around a month. "Our operation delays and production shortage were not as much as you might expect." Still, he anticipates a 10 to 20 percent drop in Kipas Textiles' turnover rate this year, or $100 million. In February alone, it lost $40 million.

Exactly how much the disaster will cost Turkey's entire garment and textile industry is still something that's difficult to say at this point. A preliminary assessment by the World Bank estimates that the earthquakes cost the entire nation $34.2 billion in physical damage, or around 4 percent of its 2021 gross domestic product.

Bindiya Vakil, CEO of Resilinc, a risk-management supply chain platform, says the sector, as a whole, could be thrown back by six to nine months. Even if a manufacturer isn't situated in the impact zones, it could have a supplier there. Logistics, too, have also been curtailed. After it was badly battered by the seismic activity, Iskenderun port, a major destination for cargo, is still in shambles. But the broader fashion industry will be fine—it has plenty of options.

Indeed, representatives from Adidas, Asos and H&M Group said they didn't anticipate any production hiccups. A spokesperson from C&A, which sources 8 to 12 percent of its annual demand from Turkey, said that the impact has been more from a "people and capacity" perspective.

"With this in mind, we have taken a flexible approach with them and where product would not meet the required delivery dates due to seasonality, we are working with them on re-designing the styles to ensure that this remains commercially relevant," the Belgium and Germany-based retailer said. It's also offering suppliers expedited payments on any outstanding invoices, and supporting them by obtaining any required raw materials from its global supply network until they can reestablish their own.

Dr. Sheng Lu, assistant professor of apparel and fashion studies at the University of Delaware said that the wider sector's exposure to Turkey is significant but not extensive. In a benchmarking study he conducted with the United States Fashion Industry Association in 2022, he found that while 36 percent of U.S. brands reported sourcing from Turkey, the "vast majority" placed less than 10 percent of their total orders with the country. This was beginning to change, however. Roughly 20 percent of respondents said they planned to further expand sourcing from Turkey from 2022 through 2024.

"U.S. companies see Turkey, in general, as a 'balanced' sourcing destination in terms of speed to market, flexibility, sourcing costs and compliance risks," Lu said.

A similar opinion has formed across the pond, where Turkey is a tentpole of many companies' nearshoring strategies. The nation produces 12 percent of the European Union's clothing, a market share that has stayed stable over the past decade "thanks to its geographic proximity, duty-free access and relatively complete supply chain," he added.

"Many EU companies treat Turkey as an alternative to sourcing from Asia," Lu said. "Apparel items sourced from Turkey were typically priced higher than those made in Bangladesh and lower than those made in China. In other words, as 'made in China' became more expensive, Turkey was regarded as one alternative."

But a supply chain isn't just products; it's people. And for the people of Turkey, February's events have been nothing short of a national trauma.
"There are people who sleep in factories, who take their children, their animals to work because they lost everything or they are in fear of going back to their houses," said Pinar Özcan, a representative for one of IndustriALL Global Union's affiliates in Turkey. "Most houses are damaged and need to be rebuilt. Some lost their kids, some lost their mothers, some lost relatives and close friends. They are still learning to live with this wound. For sure, wounds will heal with time but it will be so harsh."

Serhat Karaduman, CEO of Calik Denim, says what the sector needs most to recover is continued "sensitivity and support" from all stakeholders. It, too, has lost employees. Because its integrated production facility in Malatya, one of the worst-hit provinces, suffered no major damage, however, the mill was able to turn the building into a temporary support center to house and feed survivors in partnership with the mayor's office, the Turkish Red Crescent and the Turkey Disaster and Management Authority, better known as AFAD.

"The severity and impact of this natural disaster are strong and our priority is to ensure the health and safety of our employees and to ensure the continuity of these," said Karaduman. "Therefore, this was our main focus at the very beginning."

With "great support and understanding" from its global partners, Calik Denim was able to begin dispatching shipments on Feb. 17. By March 1, it was back on track.

"Once again, we have seen how big a family in this industry we are in these difficult days," said Karaduman. "We believe that we will get through these days in unity and solidarity."

The manufacturer is still in the process of determining how much the earthquakes will cost it financially. It continues to monitor the situation, he added, and is in constant contact with its employees.

"The good news is the partners who have been working with Türkiye for a long time have told me that they will not leave Turkiye because of this disaster," said Altan, using the official name for Turkey. "They allowed factories to carry on the orders who are late for delivering the goods because of earthquake or transport problems."

Philanthropy is desperately needed but it's also a short-term fix, he said. "We need business from our partners," Altan added. "This is the biggest help they can give to us."

Source: sourcingjournal.com- Mar 13, 2023

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Cambodia's apparel exports down 34% to $1,083 mn in Jan-Feb 2023

Cambodia's apparel exports decreased by 34.62 per cent to $1,083.445 million in the first two months of 2023, accounting for 32.96 per cent of its total foreign income of $3,285.323 million during the period, according to general department of customs and excise (GDCE) under ministry of economy and finance. This represents a significant drop from last year when the country's apparel exports increased by 12.69 per cent to $9.035 billion.

During the period under review, Cambodia's exports of apparel and clothing accessories (knitted) (Chapter 61) were $676.752 million, 31.1 per cent lower than the exports worth $982.317 million during the corresponding period of 2022. The country's exports of apparel and clothing accessories (not knitted) (Chapter 62) dropped by 14.7 per cent to $406.693 million. In January-February 2022, the country exported apparel worth $476.534 million in this category. The decline in the shipment reflects sluggish demand in the global market.

As for imports, the country's knitted or crocheted fabric (Chapter 60) imports during January-February 2023 were valued at $324.344 million, 37.3 per cent lower than the imports worth $517.389 million in the same period of 2022. Manmade fibre (Chapter 55) imports declined by 32.3 per cent to $161.801 million, against $238.923 million in the same period of 2022. Cotton (Chapter 52) imports slipped 19.2 per cent to reach $76.674 million during the period under review, compared to $94.943 million in the same period of 2022.

In February 2023 alone, Cambodia's apparel exports declined by 23.17 per cent to $527.779 million compared to the shipment of $686.989 million in the corresponding month of 2022. The shipment of apparel and clothing accessories (knitted) slipped 19 per cent to $326.457 million from $456.262 million during the same period last year. The exports of apparel and clothing accessories (not knitted) dropped by 12.7 per cent to $201.322 million in February 2023.

Source: fibre2fashion.com- Mar 14, 2023

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Vietnam concerned over restrictions on access to US market

Vietnamese deputy minister of industry and trade Do Thang Hai recently expressed concern over restrictions on the country's access to the US market and the increasing frequency of trade remedy cases against Vietnamese exports. He conveyed the concerns to visiting US under secretary of commerce for international trade Marisa Lago in Hanoi.

The Vietnamese leader proposed the US department of commerce discuss further with relevant US agencies to have an objective, fair and appropriate assessment that suits current production practices in Vietnam.

Hai highlighted the potential for both sides to team up in energy transition, digital transformation and the building of clean and sustainable supply chains.

Lago is on a trip to Vietnam as part of activities to mark the 10th anniversary of the Vietnam-US comprehensive partnership (2013-2023), helping strengthen the bilateral relationship and deepen trade ties.

Both sides exchanged views on the bilateral cooperation within the framework of the Asia-Pacific Economic Cooperation (APEC) forum and in energy and digital transformation, as well as in the process of discussing the Indo-Pacific Economic Framework for Prosperity (IPEF), a news agency reported.

The value of Vietnam-US trade exceeded $123 billion last year, up by 11 per cent year on year.

Source: fibre2fashion.com- Mar 13, 2023

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Bangladesh PM seeks foreign investment to graduate from LDC

Inaugurating the 'Bangladesh Business Summit 2023' in Dhaka recently, Prime Minister Sheikh Hasina urged global businessmen and investors to invest in the country to help smoothen its journey into a developed, prosperous and smart nation by 2041. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) organised the summit, which ends today.

The prime minister asked domestic business leaders to prepare from today to cash in on the advantages and face the challenges expected after Bangladesh graduates to a developing nation in 2026.

The government has been giving topmost priority to improving the investment environment in the country to attract both domestic and foreign investment, she said.

BIDA is implementing the Bangladesh Investment Climate Improvement Programme, primarily to end bureaucratic red tape, she was quoted as saying by Bangladeshi media reports.

FBCCI is celebrating its golden jubilee this year. The ministry of foreign affairs, the commerce ministry and the Bangladesh Investment Development Authority (BIDA) are partners in the summit.

Ministers from seven countries, chief executive officers of 12 multinational companies and more than 200 foreign investors and business leaders from 17 countries are participating in the summit.

Source: fibre2fashion.com- Mar 13, 2023

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Bangladesh sees 14.29 per cent growth in EU apparel imports

Bangladesh's apparel exports to the European Union (EU) increased by 14.29 per cent during the first eight months of fiscal year 2022-23, reaching $15.72 billion compared to $13.75 billion during the same period in FY22, according to the Export Promotion Bureau (EPB).

Germany, the largest market in the EU, reported a negative growth rate of 1.03% with $4.62 billion in apparel imports. On the other hand, France and Spain showed an increase in apparel imports from Bangladesh by 27.65 per cent ($1.89 billion) and 18.79 per cent ($2.35 billion), respectively. In contrast, Bulgaria and Poland experienced negative growth rates of 51.21 per cent and 15.06 per cent year-on-year in apparel imports.

During this period, Bangldesh's exports to the US decreased by 2.87 per cent year-on-year, but apparel exports to Canada and the UK saw a positive growth rate of 20.05 per cent and 14.52 per cent year-on-year, respectively.

Bangladesh's apparel exports to the US, the UK, and Canada during the first eight months of FY23 were $5.68 billion, $3.36 billion, and $980 million, respectively.

Meanwhile, apparel exports to non-traditional markets increased by 35.02 per cent to $5.69 billion, with Japan, Australia, India, and South Korea being the major non-traditional markets, reaching $1.07 billion, $767.75 million, $753.92 million, and $387.63 million, respectively.

Source: fibre2fashion.com- Mar 13, 2023

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Pakistan: Weekly Cotton Review: Prices decline amid sluggish trade

Decline in cotton prices particularly in international cotton market resulted in a significant decline in cotton prices locally. Zoning of cotton areas is essential to increase cotton production, as well as, fixing intervention immediately.

However, recession in textile sector is increasing day by day coupled with a continued declining trend in exports of textile products. Industrial and trade organizations have rejected the policy of withdrawal of electricity and gas concessions given to industries and textile sector, increase in sales tax and hike in interest rate by 20 percent.

In the domestic cotton market, cotton prices were overall bearish during the last week. Spinners are buying cotton very cautiously due to the upheaval in the textile sector while ginners are interested in selling. Business volume was very limited. State Bank of Pakistan has raised the interest rate to the highest level of 20% due to strict International Monetary Fund (IMF) conditions.

The textile sector is in dire straits due to the removal of energy subsidies and low supply of gas and increase in sales tax. The ginners have stock of about four lac bales of cotton but they are worried due to less buying.

The cost of stock is increasing and if the heat intensity increases, the weight will also start coming down whereas business activity would further slow down in the month of Ramadan.

Experts are of the opinion that the government should immediately announce the intervention price of Phutti as if it is announced before the crop is sown it makes it easier for the cotton farmers to think about sowing cotton. If the intervention price is good then it is expected that cotton production will increase.

Apart from this, zoning of cotton production areas should be done and a ban should be imposed on sowing of rice and sugarcane in cotton zones.

The price of cotton in Sindh province is in between Rs 17,500 to Rs 21,000 per maund. The rate of Phutti is in between Rs 6,000 to Rs 8,300 per 40 kg. The rate of cotton in Punjab is in between Rs 18,000 to Rs 20,000 per maund and the rate of Phutti is in between Rs 6,500 to Rs 9,300 per 40 kg. The rate of Khal, Banola and oil remained stable.

The Spot Rate Committee of the Karachi Cotton Association decreased the spot rate by Rs 200 per maund and closed it at Rs 19,800 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that over all bearish trend remained prevalent in international cotton markets. The rate of Future Trading of New York Cotton reached at seventy eight American cents after decreasing by six cent per pound.

According to the weekly export and sales report of 2022-23, 1 lac fourteen thousand and five hundred bales were sold.

Vietnam stood first by buying 44,700 bales. Turkey bought 17,400 bales and came second. China was third with 15,300 bales. Pakistan bought 11 thousand 900 bales and stood at the fourth position. Sixty eight thousand and three hundred bales were sold for the year 2023-24.

Apart from this, the heads and representatives of industrial and commercial organizations have rejected government's decision of withdrawing subsidy given on electricity and gas for the textile sector, increase in the sales tax by one percent and increased the interest rate by 20 percent by the State Bank under the pressure of the IMF.

They took out a rally against the government's anti-industry decision especially against the textile sector and raised slogans in favour of their demands and demanded the immediate resignation of the incompetent Federal Minister of Commerce.

More than 20 industrial heads and trade organizations including Faisalabad Chamber of Commerce and Industry, All Pakistan Mills Association, Pakistan Hosiery Manufacturers Association, All Pakistan Sizing Industry Association, Power Looms Industry Association and Pakistan Textile Exporters Association were present in the protest camp. The representatives of the industry addressed a joint press conference outside the All Pakistan Bed Sheets and Upholstery Manufacturers Association.

Moreover, the textile industry of Pakistan is facing decrease in exports for the fifth consecutive month because of the effects of the domestic economic crisis, as well as, the global economic slowdown.

According to latest data, textile exports fell more than expected by 28.1% year-on-year (YoY) and 9.1% month-on-month, reaching $1.20 billion in February 2023. Exports had been the lowest since May 2021, when overseas shipments came in at $1.05 billion, said Arif Habib Limited Head of Research Tahir Abbas.

Explaining the reasons, Abbas cited the restrictions on imports, high interest rates and an overall slowdown in the global economy.

“This is not just happening in Pakistan, many other countries such as Bangladesh and Vietnam are also facing a similar situation,” he said. Topline Securities textile sector analyst Nasheed Malik stated that the decline in textile exports was expected due to a sharp drop in orders from the European and US buyers.

“The Covid-19 pandemic has had a significant impact on global economies, and the textile industry is no exception,” he pointed out, adding that restrictions on imports also caused shortage of raw material, which affected production activities at the textile industry.

Textile industry in a major contributor to Pakistan’s economy and this decline will have a significant impact on the overall exports. This is the reason why businessmen are demanding that the government take steps to address the challenges facing the industry and offer incentives to exporters by reducing interest rates,” added Malik.

Exporters have often complained about stiff competition from other countries, particularly Bangladesh and Vietnam, which have been able to win more orders owing to a relatively low cost of production and better infrastructure. Keeping that in view, he emphasised that Pakistan should focus on improving its competitiveness by investing in infrastructure, reducing production cost and providing better incentives to the exporters.

“The fall in textile exports is worrisome for Pakistan’s economy and also for the worker employed at the industry, many of whom have already lost their jobs,” remarked the Topline analyst.

Meanwhile, Pakistan’s cotton production dropped by 34.5% in February, which reflected the impact of last year’s floods. In this scenario, a threat is looming over the textile industry, which requires around 14 million cotton bales annually.

Large-scale spinners had booked big orders when cotton prices were at peak, but prices dropped 20-25% by the time shipments arrived, coinciding with a deep recession in the global market.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Irfan Iqbal Sheikh recently warned that sudden withdrawal of power-sector subsidies to appease the IMF was likely to further hurt Pakistan's already declining exports. "Power subsidy was due to end by June 2023 but the government withdrew it hastily before the cut-off date," he said.

According to the Pakistan Bureau of Statistics, exports have continued to fall for seven consecutive months from August 2022 to February 2023. Latest statistics showed that Pakistan's exports fell by 18.67% YoY to $2.31 billion in February 2023.

Union of Small and Medium Enterprises (UNISAME) President Zulfikar Thaver; however, was of the view that the discontinuation of zero-rated industrial package was justified as exporters were now benefiting from a favourable rupee-dollar exchange rate.

Any additional relief for the exporters would be unfair on the importers of other sectors who were paying high prices, he said.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Irfan Iqbal Sheikh recently warned that a sudden withdrawal of power sector subsidies to appease the IMF would affect Pakistan's already declining economy. Exports are likely to suffer further. "The power subsidy was supposed to end by June 2023 but the government hastily withdrew it before the cut-off date," he said.

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Source: brecorder.com- Mar 13, 2023

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India's manufacturing growth to continue in Q4, says Ficci survey

Growth in the Indian manufacturing sector is expected to continue in the last quarter (January-March) of 2022-23 amid signs that cost pressure in the past many months seems to be softening a bit for the sector, a Ficci survey has said.

The responses have been drawn from over 400 manufacturing units from both large and SME (Small and Medium Enterprises) segments with a combined annual turnover of over Rs 10 trillion. It added that the cost of production as a percentage of sales for manufacturers in the survey has risen for 73 per cent respondents, which is lower than 94 per cent as reported in previous survey.

“Nonetheless, high raw material prices especially that of steel, increased transportation, logistics and freight cost, and rise in the prices of crude oil and fuel have been the main contributors to increasing cost of production,” it added.

It mentioned that all the respondents expressed that there is sufficient availability of funds from banks and industry does not expect the borrowing rates to go up any further from the current prevailing rates.

“Increase in repo rates in the last few months has led to a consequential increase in the lending rate by banks, thereby increasing the cost of borrowing for manufacturers,” it added.

In February, the RBI’s Monetary Policy Committee (MPC) has raised the repo rate by 25 basis points to 6.50 per cent in order to bring inflation back towards the central bank’s 4 per cent target. The MPC has raised the repo rate by a total of 250 basis points since May 2022.

The survey also looked at the dimensions that are important for manufacturing sector such as capacity addition and utilisation, exports, hiring, interest rate, sectoral growth, and workforce availability.

On the sectoral growth based on expectations, it said Auto, Capital Goods, Cement, Electronics & Petrochemicals & Fertilisers sectors are poised to see a strong growth while Chemicals & Pharmaceuticals, Textiles, Apparels & Textile Machinery rest are expected to register moderate growth.

“The outlook for exports seems to be waning as only about 30 per cent of the respondents expect their exports to be higher in the ongoing quarter as compared to the same period in the previous financial year,” it added.

The report mentioned that the existing average capacity utilisation in manufacturing is around 75 per cent which is more than 70 per cent reported in the previous survey reflecting a sustained economic activity in the sector.

According to the survey, the future investment outlook has also improved as compared to previous quarter as over 47 per cent respondents reported plans for investments and expansions in the coming six months amid continued volatilities in supply chain and demand caused by the Russia-Ukraine war and increasing cases of various mutations of COVID virus in other countries.

“Increased cost of finance, cumbersome regulations and clearances, high logistics cost due to high fuel prices, low global demand, high volume of cheap imports into India, shortage of skilled labor, highly volatile prices of certain metals etc. and other supply chain disruptions are some of the major constraints which are affecting expansion plans of the respondents,” it added.

FICCI’s latest quarterly survey assessed the sentiments of manufacturers for Q-4 Jan-March (2022-23) for eleven major sectors namely Automotive & Auto Components, Capital Goods, Cement, Chemicals and Pharmaceuticals, Electronics, Machine Tools, Metal & Metal Products, Paper Products, Petrochemicals & Fertilisers, Textiles, Apparels & Technical Textiles, Textile Machinery and Miscellaneous.

Source: business-standard.com- Mar 13, 2023

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Patience needed for shift of manufacturing from China to India, says CEA

One needs to be patient for the shift of manufacturing from China to India to happen, says Dr V Anantha Nageswaran, Chief Economic Adviser to the Government of India.

Answering a question after his speech at the Madras School of Economics here recently, Dr Nageswaran said such a shift in manufacturing has already begun to happen but will take time.

"What we are hearing, somewhat anecdotally, is that due to the rapidity of regulatory changes in China in the last 2-3 years, and also due to the way the pandemic was handled in the initial stages, there is a concern among MNCs — which is not aired publicly — that they do want to relocate (their facilities out of China)," he said.

He added, "Naturally, their first choice is to go to countries with a similar culture to China, such as Vietnam."

"We are relatively late, compared with other countries," Dr Nageswaran said, observing that India had seen success in certain areas of manufacture such as pharma and mobile phones, and "success will breed success". However, "this is something we need to be patient about".

Rising interest rates

Earlier, in his speech, Dr Nageswaran traced India's economic growth from 1998, describing how it had met with shocks such as Pokhran-related sanctions, the dot-com burst, and the 2008 financial meltdown, and pointed out that between 2015 and 2020, several reforms were brought in — GST, IBC, infrastructure build-out, RERA, and digital infrastructure — and said that today banks and corporates are much stronger than before.

At this point, he posed a question as to whether the consistent interest rate hikes by the RBI would dampen the growth impulses in the economy and said, "My answer is, 'no'."

Drawing a parallel with the US' economy in the mid-1990s, he said that the real interest rate was at a high of 3 per cent, but it did not dampen growth. The high real interest rate was just a reflection of the appetite for credit.

Similarly, in India too, the current high-interest rates only reflect an appetite for credit and would not hold back growth, Dr Nageswaran said.

Source: thehindubusinessline.com- Mar 14, 2023

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Manufacturing output in IIP still shows weakness as headline numbers grow

While the headline numbers in the industrial output gathered momentum in January, manufacturing continues to be weak if one goes into detail.

The index of industrial production (IIP) increased to 5.2 per cent in January from the revised 4.7 per cent in the previous month year-on-year. Provisional numbers had put the IIP growth figures at 4.3 per cent.

Within IIP, manufacturing also rose to 3.7 per cent from the revised 3.1 per cent year-on-year over this period. The provisional numbers had shown that manufacturing grew by 2.6 per cent in December. If provisional numbers of January are compared with provisional numbers of December, there is remarkable recovery in both overall IIP as well as manufacturing.

However, within manufacturing 10 sectors out of total 23 still showed decline in production in January, even as it was less than 11 such industries in the month of December. The sectors that fell in production included labour intensive textiles, apparel, leather, and furniture.

However, modern technology industries such as computer, electronic and optical products also showed contraction in production.

While slowdown in demand from overseas markets may have done a part of the damage, leather exports in fact rose 3.9 per cent and readymade garments of all textiles 6.19 per cent in January. However, IIP and trade data cannot be strictly compared one to one as the latter in current dollar prices, while the former is an index. These two give only broad indications when compared with each other.

Part of the answer lies in muted domestic demand, particularly in rural areas due to high inflation and other factors. After a break of two months, the headline retail price inflation again crossed the Reserve Bank of India's upper tolerance level of six per cent in January.

It rose to 6.52 per cent in January from 5.72 per cent in the previous month. Inflation in rural areas stood at 6.85 per cent in January compared to 6.05 per cent in the previous month.

Because of impressive numbers in May and June due to low base due to regional lockdowns forced by the second wave of Covid-19 in these months last year, output in seven sectors was down in the first ten months of the current financial year.

Source: business-standard.com- Mar 13, 2023

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CU India to submit documents to get its suspension for certifying organic textiles revoked

Control Union (CU) India has said it faces “temporary suspension” till June 7 to develop a corrective action after IOAS (International Organic Accreditation Service) disallowed it from testing and sampling Indian organic textile products on charges of irregularities committed in its certification process.

CU India Managing Director Kris Van den Keybus, in a communication to its clients, said the certification body was trying to clear its name by providing all the documents required to IOAS within a week.

It expects its documents tobe reviewed on a priority “keepingthe urgency of the matter and giving natural justice with law of parity”.

CU India said the IOAS appeals committee rejected its appeal on March 3 and suspended its certification process with conditions.

The global organic certification body has permitted CU India to continue inspections according toits annual inspection plan, so that certified operators can maintain their existing certifications.

Reasons for suspension

Keybus said CU India received a letter from IOAS on December 8, 2022, suspending its accreditation for six months. But the organisation disputed the decision. It registered and submitted an appeal against the two reasons provided for its suspension.

IOAS said CU India had failed to evaluate all requirements and information for certification decisions applicable to Scope Certificates, which certify that organic food products conform to stipulated standards, and Transaction Certificates, which verify that a product sold or shipped conforms to stipulated standards.

It said CU India failed to manage non-conformities and ensure they did not recur.

During the period of suspension, CU India will not accept any new application or issue any certificate for GOTS (General Organic Textile

Standards) or TE (Textile Exchange) that were in process as of March 3, 2023.

It will not extend scope certification to existing operators to add any new products, processes or units. It will not issue any transaction certificate either during its suspension, CI India said.

The CU India communication comes on the heels of some of its clients, including members of the Tamilnadu Spinners' Association, expressing concern over the suspension.

CU India is an arm of one of the largest certifiers of organic cotton, Control Union Nederland BV, which is based in Rotterdam.

Source: thehindubusinessline.com- Mar 13, 2023

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Explained: How digitisation is uncomplicating logistics for MSME exporters

Trade, import and export for MSMEs: Logistics have always been the backbone of international trade. With supply chains dispersed globally as businesses look for the least expensive and most productive sources to produce and move goods, the strength of a country's logistics processes is critical for it to become a global manufacturing and export powerhouse. The black swan events like the Covid pandemic have only reinforced this belief among Indian exporters and the government in order to enhance logistics capabilities through digitisation on a mission mode as it targets to be a $5 trillion economy.

Gradually, the logistics process for exporters is shifting from a time-consuming and costly affair, which is manually driven, to a cost-efficient and time-saving measure with respect to packing, warehousing, transporting goods, and shipping through digital intervention at every step.

"Digitisation has played a very important role in logistics. Around 20 years back everything was manual while today all airports, seaports, inland container depots (ICDs), container freight stations (CFSs) are connected with a system. Even during Covid, all the documents, invoices, packing lists, paper filing with customs, terminal charges, handling charges etc., were managed digitally. This wasn't possible earlier," said Vipin Vohra, Chair, Civil Aviation Committee, PHDCCI and Chairman, Continental Carriers during a panel discussion at the SMExports Summit 2023 organised last month by Financial Express Digital.

For instance, the Central Board of Indirect Taxes and Customs (CBIC) in 2020 unveiled a QR-coded shipping bill for end-to-end paperless exports. The bill is sent digitally to exporters after Customs clear export. This eliminates the requirement of the exporters having to approach the Customs officers for proof of export and makes Customs' export process completely digital — from the filing of the shipping bill to the final order for export. The initiative was under CBIC's Turant Customs programme aimed at reducing the time and costs for the importers and exporters in sending and receiving goods.

"Custom clearances becoming faceless, contactless and paperless is a great enabler that brings MSMEs on the same platform as large enterprises in shipping goods with ease," said Nikita Singla, Associate Director, Bureau of Research on Industry and Economic Fundamentals (BRIEF) in the panel discussion on digitising logistics for exports. BRIEF is a research and consulting firm with a focus on policy research, diagnostic studies, program implementation, and industry and market research.

Not just the government, ports are also taking independent measures, said Singla. For example, Digital Docket Delivery (D-Cube) is a paperless and contactless solution for import operations by Mumbai port so that importers don't have to run around with physical documents. "They just have to scan an app with D-Cube to get delivery of their cargo. So a lot is happening in the digitisation of export and import operations but maybe awareness is needed to use these measures," she added.

As a single-point access for exporters or for all of India's foreign and preferential trade agreements and for all agencies concerned, the government had launched a Common Digital Platform for Issuance of electronic Certificates of Origin (CoO) in 2019. A CoO is an international trade document for certifying that goods in an export shipment are wholly obtained, produced, manufactured or processed in a particular country. The new electronic platform allows for the digital exchange of CoO with the partner countries which wasn't possible earlier.

These digital processes allow for reduced transaction cost and time for exporters. "Today, you don't need to invest in various processes as an MSME. Some solutions are plug-and-play and available similar to software-as-a-service solutions. For example, for exporting carpets from Bhadohi city (carpet manufacturing hub) in Uttar Pradesh to Jebel Ali port in the UAE where our terminal is, you don't need to reach out to multiple people and processes. Digitisation has brought the world really close. You simply go online, log in to a portal, choose a service, pay online and the container reaches to your nearest spot while all documentation is done at the backend," said Akash Agrawal, CEO, Freight Forwarding, DP World Subcontinent in the panel discussion.

However, according to Animesh Saxena, Managing Director and CEO of the apparel manufacturer and exporter Neetee Clothing, there are a lot of gaps in the export process despite digitisation.

"For example, to move goods out from the Jawaharlal Nehru Port in Navi Mumbai, your cargo has to be there custom cleared seven days before the vessel leaves the port. Even when the container is stuffed, you are not sure whether it will go. The information flow is not seamless. You don't get real-time data when the container is stuffed, moved out and handed over to the shipping line and is on the vessel," said Saxena. "Moreover, customs don't work on gazetted holidays in India. So, to plan deliveries, I would suggest exporters have a government calendar with holidays in various states from where your goods will be custom cleared," he added.

Another challenge is around the country's logistics cost which is around 13-14 per cent of its gross domestic product (GDP). Logistics costs include all the expenses with respect to procuring raw materials to paying a logistics company to help facilitate distribution including warehousing and inventory, transport and distribution, labour, equipment and supplies etc. In fact, during the launch of the National Logistics Policy in September last year, Prime Minister Narendra Modi said, "From 13-14 per cent logistics cost, we should all aim to bring it to single-digit as soon as possible. This, in a way, is a low-hanging fruit, if we have to become globally competitive."

To help reduce the cost, Singla said BRIEF had suggested NITI Aayog to increase the share of railways in domestic freight movement. She explained: Every passenger train has two cargo wagons and most of them usually remain empty or underutilised. So we proposed an Uber-like model for businesses to book at least one cargo wagon online or through an app. This way the utilisation rate of the wagons can also be improved without putting more money into moving goods.

Importantly, to reduce the logistics cost, the ministry of ports, shipping and waterways had inaugurated a National Logistic Portal (Marine) in January this year to serve as a one-stop platform aimed at connecting all the stakeholders of the logistics community using information technology. The portal intends to be a single window for all trade processes of the logistics sector spread across the country covering all modes of transport in the waterways, roadways, and airways along with an online marketplace to provide a seamless end-to-end logistic service coverage.

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