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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

US trade deficit shrinks in March 2023 as exports rise, imports fall

US' trade deficit in goods narrowed to $84.6 billion in March 2023, down from $92 billion in the previous month, according to the latest report from the US Department of Commerce. The exports of goods for March 2023 were $172.7 billion, an increase of $4.9 billion from February 2023. Meanwhile, imports of goods for March decreased by $2.5 billion, totalling $257.3 billion.

Furthermore, the wholesale inventories for March were estimated at $919.9 billion, up 0.1 per cent from February 2023, and 9.3 per cent higher than in March 2022. The January 2023 to February 2023 percentage change was unrevised from the preliminary estimate of up 0.1 per cent, according to the Monthly Advance Economic Indicators Report.

The retail inventories for March were estimated at $773.4 billion, up 0.7 per cent from February 2023, and 8.4 per cent higher than in March 2022. The January 2023 to February 2023 percentage change was revised from up 0.2 per cent to up 0.3 per cent.

Source: fibre2fashion.com – April 28, 2023

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US AAFA offers feedback on FTC Green Guides

Responding to the US Federal Trade Commission (FTC) notice soliciting public comment on its guidelines for the use of environmental marketing claims (Green Guides), the American Apparel & Footwear Association (AAFA) recently raised questions about claim substantiation, expressed interest in mechanisms to ensure adherence to the guidelines and demanded changes to labelling rules to facilitate clear and substantiated claims.

As first steps, setting clear requirements for 'sustainable' and other vague claims, providing realistic conditions for recycling and compostable claims, and restricting confusing climate change related claims will improve the Green Guides, AAFA president and chief executive officer Stephen Lamar wrote to FTC chair Lina Khan.

Addressing concerns about claim substantiation and accountability for non-compliance are necessary, he wrote.

"We also hope the FTC will take action to enable easy communication of environmental claims by undertaking labelling modernisation," the letter said.

AAFA looks forward to updated guidelines on the issue, he said.

Environmentally 'sustainable' claims are 'partial' claims as actual, 'whole' environmental sustainability would entail that a company's operations, and the negative impacts on the planet of production and placement for sale on a market of a product, and the product's entire life cycle, are in one way or another completely mitigated, he wrote.

"The dissonance between the partial claim intended by 'sustainable' and the whole, unqualified claims on products could explain the mismatch between consumer interest and trust found in survey research," the letter wrote.

AAFA believes FTC has sufficient basis to advise companies against making unqualified environmentally 'sustainable' product-level claims and does not want to encourage 'greenhushing'.

AAFA and its members believe that product-level 'carbon neutral' claims that entirely rely on the use of offsets should be prohibited.

Companies that want to specifically advertise that they purchase carbon offsets, should be allowed to do so, provided those offsets are verified by independent organisations, the letter said.

AAFA believes clearer guidance on claim substantiation is necessary to ensure companies can confidently make accurate claims. The current guidance on this is 'vague'. AAFA urges FTC to work closely with counterparts in the European Union and seek to harmonise claim substantiation requirements.

Claims made on social media and online marketplace platforms are particularly problematic, the letter noted.

The precise, qualified claims and accompanying substantiation our members want to provide do not fit nicely on hang tags. With only minor changes, FTC could easily update the interpretation of labelling requirements to allow a digital access point to direct consumers to all the required product information associated with an environmental claim, the letter suggested.

Source: fibre2fashion.com – April 26, 2023

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Cotton picking underway in Australia with positive signs

Picking has begun in most of Australia's cotton growing region with positive signs emerging that the flooding and farm damage late last year may not have been as devastating as first feared, aided by dryer and warmer conditions since Christmas.

While the impact varied from state to state and region to region, some farmers were forced to scale back their plantings, particularly in the Southern Valleys and Macquarie where farmers could not get on their paddocks to plant and subsequently missed their window of opportunity, Cotton Australia said in a media release.

Cotton Australia CEO Adam Kay said with favourable conditions across most of the 65 plus local government areas growing cotton this year, growers are reassessing yield and quality. "To appreciate where we are now you first have to acknowledge where we were. Last November every inland river catchment was full or flooded from the Queensland border to Victoria and around 100 active warnings were in place," Kay said.

One area impacted by the wet weather is the Southern Valleys where defoliation is just starting after late planting. Wet weather at planting stage resulted in a one-third reduction in crop planted. In the Macquarie Valley picking has just started north of Warren after farmers reported a 30 per cent crop reduction due to the well-above rain recorded in 2022. The upside is that quality is expected to be good, and above average temperatures in February and March have provided very good boll filling conditions for crops, the release added.

In the Gwydir Valley early dryland is being picked and yielding up to 7 bales per hectare with around double that for irrigated cotton. The cotton not impacted by spray drift is around the 14 bales per hectare and about 15 per cent is picked at this stage in the Gwydir with 30 per cent picked in the lower Namoi, 5 per cent in the upper Namoi and picking has just started in Walgett and Bourke with yield predictions difficult, particularly in drift impacted areas.

In the MacIntyre Valley, 44,000 ha irrigated cotton and 8,000 ha dryland has been planted with 15 per cent picked already and activity hitting full capacity this week. While the dryland cotton could have used some late rain, the irrigated is looking very positive. While the gins are not yet operational the cotton being delivered is looking to be high quality.

Picking is in full swing in St George, Dirranbandi and Mungindi with the majority of the early crop to be picked over the next two weeks and later crops a month away from picking. Growers are reporting good yields and quality and while early indications are good, ginners are just starting so there are no results to confirm the optimistic outlook at this stage.

On the Darling Downs growers are up to the defoliation stage of the season mostly and a few have started picking the early planted fields. Due to full storages and full water allocations at the beginning of the season as well as a full soil moisture profile, larger than average areas were planted, around 75 per cent irrigated fields and 25 per cent rain-fed. Gins are predicting they will start full operation in the second week of May, the release further said.

In the Lockyer Valley, 10 growers have planted approximately 1500 ha of cotton and that’s up from previous years driven by price, crop rotation practices and growing conditions. At Maryborough three growers have planted 500 ha. In the Central Highlands both gins are operational with the cotton clean but no yield information yet, however, early crops are reporting up to 13 bales per ha irrigated. A number of growers are still irrigating and will push through until June picking.

Kay said Cotton Australia was forecasting a crop around 5.2 million bales for 2023. “This will result in around 1.2 million tonnes of fibre and 1.4 million tonnes of cottonseed. Every bale of cotton and every tonne of seed will be sold, given the demand for the Australian grown product. The Murray Darling Basin Authority reports that the major water storages in the basin are at around 90 per cent capacity meaning that the outlook for the next season is positive as well.

“It’s good news for local communities because figures from the Australian Bureau of Statistics (ABS) 2021 Agricultural Census revealed that cotton was grown in 65 local government areas with more than 75 per cent of cotton grower business expenses spent locally,” Kay concluded.

Source: fibre2fashion.com– April 27, 2023

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China benefits from surge in demand as Japan's textile imports increase

Japan experienced a surge in textile imports in the April 2022-March 2023 fiscal year, with a significant increase of 26.1% to $33.4 billion.

Textile yarn and fabric imports alone were valued at $11.8 billion, representing a 23.2% increase from the previous year, accounting for 1.1% of Japan's total imports. China was the primary source of textile yarn and fabric imports, accounting for $1.98 billion, up 10% from the previous fiscal year.

As the primary source of textile yarn and fabric imports to Japan, China has been benefiting from this surge in demand for textiles. Additionally, Japan's textile exports also saw notable growth in the same period, with textile yarn and fabric exports reaching $7.2 billion and textile machinery exports surging by 19.3% to $2.8 billion, contributing 0.3% to the country's total exports.

In March 2023, Japan's clothing and accessories imports increased by 22% to $3 billion, accounting for 3.4% of the total imports of $89.2 billion during the month. Meanwhile, textile yarn and fabric imports in March 2023 were valued at $1 billion, up 11.1% year-on-year, accounting for 1.1% of the country's total imports.

These statistics suggest that China has been playing a vital role in Japan's economic recovery from the COVID-19 pandemic through increased textile exports.

However, the surge in textile imports to Japan also highlights the country's growing demand for textiles, which presents an opportunity for Chinese textile manufacturers to expand their market share in Japan.

Source: fashionatingworld.com– April 28, 2023

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UAE and Cambodia sign CEPA for boosting bilateral apparel trade

The United Arab Emirates (UAE) and the Kingdom of Cambodia have signed a Comprehensive Economic Partnership Agreement (CEPA) aimed at boosting and diversifying bilateral trade in the apparel industry.

The agreement is expected to remove tariffs, reduce non-tariff trade barriers, and promote trade in goods, services, and investment, providing a significant platform for global expansion.

In 2022, non-oil trade between the two countries in the apparel industry exceeded USD 401 million, representing a growth of 31% compared to 2021 and 146% more than the pre-Covid year of 2019. Bilateral foreign direct investment (FDI) in the apparel industry had reached USD 3.8 million by the end of 2020. The CEPA is expected to strengthen East-West supply chains and offer apparel exporters an important opportunity to expand globally.

The Cambodian economy is one of the most promising in Southeast Asia, with 5.1% growth in 2022, and is expected to benefit from new opportunities for its key apparel exports, including apparel, footwear, and leather goods.

The UAE, on the other hand, is expected to benefit from new export opportunities in the apparel machinery industry, oils and lubricants, and cars and automotive parts, as well as investment opportunities in logistics and infrastructure, travel and tourism projects, and renewable energy.

The agreement will also serve as a catalyst for greater connectivity between ASEAN and the Arab World, which are among the most economically dynamic regions in the world.

UAE seeks to double the size of the economy from USD 381 billion to USD 762 billion by 2030. The UAE has now signed CEPAs with India, Israel, Indonesia, and Turkiye, and is set to conclude negotiations with other strategically important nations in the apparel industry in the coming weeks.

Cambodia has achieved bilateral FTAs with China and South Korea, and mega FTAs under ASEAN and RCEP, demonstrating their support for globalization by opening up international trade to ensure that cooperation is at the heart of sustainable and inclusive economic development.

The UAE-Cambodia CEPA is expected to lead, in alignment with Cambodia's consistent adherence to trade liberalization in the apparel industry.

Source: fashionatingworld.com– April 28, 2023

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EU adopts recommendations for ending fast fashion

Members of the European Parliament (MEPs) in the European Parliament's Environment Committee have adopted recommendations to promote circular, sustainable, and socially just production of textiles in the EU. The recommendations aim to put an end to the fast fashion industry, characterised by high volumes of lower quality garments at low prices.

The MEPs called for tougher rules that ensure textile products sold in the EU are durable, easy to reuse, repair and recycle, made of recycled fibres, and free of hazardous substances. They emphasised that textiles should be produced with respect for human, social and labour rights, the environment, and animal welfare throughout their supply chain, the European Parliament said in a press release.

The Committee also urged the Commission and EU countries to adopt measures that reduce the overconsumption of clothes and footwear. The recommendations include a clear definition of fast fashion, better informing consumers to make responsible choices, and introducing a digital product passport to help track the environmental impact of textiles.

To reduce greenhouse gas emissions in the entire lifecycle of the textiles sector, MEPs requested ambitious science-based targets. They called for production processes to become less energy- and water-intensive, avoid the use and release of harmful substances, and reduce material and consumption footprints. Ecodesign requirements for all textile and footwear products should be adopted as a priority.

The Waste Framework Directive should be revised to include specific targets for textile waste prevention, collection, reuse and recycling, as well as the phase-out of landfilling textiles. Other recommendations include an explicit ban on the destruction of unsold and returned textile goods, putting an end to greenwashing practices, ensuring fair and ethical trade practices, and minimising the release of microplastics and microfibers into the environment, the release added. The report was adopted with 68 votes in favour, none against, and one abstention. The recommendations are expected to be adopted in plenary before the summer.

Source: fibre2fashion.com– April 27, 2023

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Vietnam's cotton imports from Argentina up; garment exports rise too

Vietnam and Argentina are working on boosting their bilateral trade relationship through established diplomatic channels. In the textile sector, Vietnam's cotton imports have seen a sharp increase, despite a slight fall in 2022. Vietnam has also expanded its footprint in Argentina through higher garment shipments. Vietnam's garment exports have shown healthy growth over the last year.

Vietnamese National Assembly (NA) chairman Vuong Dinh Hue's official visit to Argentina is expected to create more opportunities for bilateral trade cooperation. Argentina is an important trade partner in the Latin American region for Vietnam, and the two countries are celebrating 50 years of officially established diplomatic relations. Since the establishment of the comprehensive partnership in 2010, the bilateral relationship has made impressive progress, especially in the economy and trade.

Vietnamese cotton (HSN Code 5201) imports were valued at $21.379 million in 2018 when the country imported 13.379 million kg of cotton. The imports jumped to three times in terms of value and reached $63.725 million (43.881 million kg) in 2021, according to Fibre2Fashion’s market insight tool TexPro.

However, it fell to $51.606 million (31.267 million kg) in 2022. Despite the fall in imports last year, the value and volume of trade were still significantly higher than in 2018. Imports were noted at $23.879 million (16.934 million kg) in 2019 and $24.433 million (22.680 million kg) in 2020. Argentina is a major cotton producer, while Vietnam is a dominant consumer country with a well-established textile industry.

Vietnamese garment exports to Argentina increased to $22.354 million in 2022 from $17.636 million in 2021, continuing an upward trend that began in 2020. However, there was a downward trend in previous years. In 2018, exports were recorded at $26.022 million, but they decreased to $23.596 million in 2019 and $17.345 million in 2020. Nevertheless, the trade improved in 2021 to $17.636 million and further increased to $22.354 million in 2022. As of January-February 2023, shipments were recorded at $7.951 million, according to TexPro.

Source: fibre2fashion.com– April 28, 2023

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World's apparel, sneakers hub Vietnam struggles as US ban on Xinjiang cotton bites

Tighter US rules to ban imports from China's Xinjiang are compounding pressure on Vietnam's apparel and footwear makers, hitting a sector that has already shed nearly 90,000 jobs since October in the global manufacturing hub as demand slowed.

Among garment exporters, Vietnam has faced the worst hit from the the Uyghur Forced Labor Protection Act (UFLPA), a Reuters review of official US data showed. The law, in place since June, requires companies to prove that they do not use raw material or components produced with Xinjiang's forced labor.

The US clampdown hurts as it comes on top of a drop in clothing demand from richer nations that has already dented industrial output and exports from the Southeast Asian manufacturing powerhouse, a major supplier to big brands such as Gap, Nike and Adidas.

Of the $15 million worth of apparel and footwear shipments held up for UFLPA checks more than 80 per cent were from Vietnam, and only 13 per cent of its cargoes were cleared for entry, US customs data up to April 3 showed.

Many US importers are still sanguine, but their supply chains could still be disrupted as Vietnam's apparel makers depend on China for about half of their input materials, according to the country's industry association.

Vietnamese manufacturers, trade associations and the industry ministry did not reply to Reuters questions about the impact of UFLPA.

The value of shipments from Vietnam that have been denied entry to the US exceeded $2 million, three times more than those from China - with the sanctions having increased exponentially in the first months of this year. While US controls have been far more frequent for the electronics industry, especially for solar panels which could be made with polysilicon from Xinjiang, only 1 per cent of electronics cargoes checked were denied entry, as opposed to 43 per cent of apparel and footwear shipments.

In total, customs checked nearly 3,600 shipments worth more than $1 billion from a range of countries to ascertain they did not carry goods with input from forced labor in Xinjiang, US customs data showed.

XINJIANG LINKS While the halted shipments represent a tiny portion of the $27 billion worth of garments and footwear Vietnam exported to the US last year, compliance risks may lead to more painful adjustments for Vietnam.

That, in turn, will hit US consumers as Vietnam is their main source of cotton apparel, according to the US Department of Commerce.

"Vietnam's heavy reliance on cotton textile materials from China poses a significant risk of containing Xinjiang cotton, as the province produces over 90 per cent of China's cotton," Sheng Lu, Director at the Department of Fashion and Apparel Studies at the University of Delaware, told Reuters. He said it was unlikely Vietnam could drastically reduce this dependence, also because many manufacturers there are owned by Chinese investors.

An industry and a government official familiar with the matter confirmed that some Vietnamese suppliers may find it hard to comply with the new rules, either because they import cotton from Xinjiang or because they are unable to prove they do not.

The Federal Maritime Commission, the US agency responsible for international ocean transportation, warned earlier this month of potential supply chain disruptions caused by UFLPA checks. In a survey last year, nearly 60 per cent of US fashion industry managers said they were exploring countries outside Asia for their supplies as a reaction to the forced labor law. Sheng Lu said it would be hard for US firms to rapidly find alternative suppliers, therefore more checks on Vietnamese cargoes are to be expected.

Western companies should "make more significant efforts to map their supply chain, figure out where production at each stage happens and demonstrate adequate due diligence", he said. SHEDDING JOBS

Weaker demand has forced the industry, Vietnam's biggest employer after agriculture, to shed nearly 3 per cent of its 3.4 million workers since October, and contributed to an 11.9 per cent drop in the country's exports and a 2.3 per cent decline in output in the first quarter of this year from a year earlier, slowing growth.

Roughly one in every three pairs of shoes that Nike and Adidas sell globally and 26 per cent and 17 per cent of their clothing, respectively, is made in Vietnam. However Nike has significantly reduced its output of apparel and footwear in Vietnam despite the country remaining its main manufacturing hub, according to its latest annual report updated to May 2022. It did not reply to questions about UFLPA. Adidas did not comment on UFLPA either, but said downsizing at its Vietnamese suppliers would respect local law.

"Vietnam continues to be among our major sourcing countries," an Adidas spokesperson said. Gap said it had no shipments detained. Two officials from US footwear and apparel industry trade associations said the new rules have had no major impact so far on Vietnam and blamed recent job cuts on lower global demand. Major job cuts in Vietnam were under way at Pou Chen, a major supplier to Nike and Adidas, Reuters reported in February, at a time when it is planning a big manufacturing investment in India.

People were fired at a contractor of US sportswear company Under Armour, and workers had their hours slashed at Regina Miracle International, a supplier of US lingerie giant Victoria's Secret, workers and executives told Reuters. Those companies did not reply to Reuters' questions. "Normally, firms recruit new workers after Tet (Lunar New Year), but this year everything has gone the opposite," said Nguyen Thi Huong, 45, who worked for Pou Chen for ten years and recently lost her job.

Source: thefinancialexpress.com.bd– April 27, 2023

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Turkey: Exporters struggle to compete due to exchange rate and energy costs

Turkish exporters are experiencing serious difficulties in global competition due to the low exchange rate and low interest rate policy implemented in Türkiye for a long time, high inflation, rising energy prices and difficulties in accessing financing, as well as the effects of the earthquake in February.

Exporters are loudly voicing the need for improvements in the exchange rate and energy prices. Speaking at the Ordinary General Assembly meeting of the Aegean Exporters' Associations for 2022, Aegean Textile and Raw Materials Exporters' Association Chairperson Jak Eskinazi made important statements on this issue.

Stating that they are working for the colleagues and entrepreneurs there to return to their commercial activities after the earthquake that shook 11 provinces centred in Kahramanmaraş, Eskinazi said that Şanlıurfa is the centre of cotton and Kahramanmaraş is the textile centre of the country. Eskinazi disclosed: "Therefore, all the problems experienced there affect us all. Our other regions are doing their best to meet the orders and demands. Factories in the disaster areas have also started to recover. They will try to offer the raw materials and semi-finished products that Türkiye needs to our exporters."

Jak Eskinazi, saying that a record cotton production of over 1 million tonnes was achieved in the 2022 season and cotton imports decreased, argued that this advantage in cotton could not be used due to the recession in the world and the decrease in orders. Eskinazi continued his words as follows:

"We hope that the markets in the world will return to their previous course in the coming days, orders will increase and the pressure on the exchange rate will decrease. All our sectors have no chance to be competitive with today's exchange rate.

We lost our competitiveness while energy prices in the world fell below half. We could have maintained our competitiveness if energy prices had been halved. The important thing is a competitive exchange rate and competitive energy prices."

Commenting on the upcoming elections, Eskinazi said: "We believe that whoever comes to power will listen to our voice" and emphasised that the textile sector should be protected. Eskinazi reminded that they previously went to ITMA exhibitions to renew the factories and stated that they will go to the next edition in June to see what has been accomplished.

Stating that they hope to be in a position to make investments in the coming months as the orders settle, Eskinazi underlined that they are currently trying to protect the capital, but that they will not be successful without investment. Eskinazi ended his words as follows: "Our credit problems are too much. It is essential to loosen the credits, if not, the industrialists will have a hard time. I hope that the pressures of the Central Bank will disappear as soon as possible."

Source: textilegence.com– April 27, 2023

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Cotton further strengthens its position in the Turkish economy in the 2022/23 season

Domestic cotton, which provides raw material to about thirty sub-industries, in particular to textiles, increases its contribution to the Turkish economy exponentially. Despite the very hot and dry climatic conditions in the 2022/23 season, it is estimated that the high field yields of the previous season could be largely maintained thanks to the skilful adaptation of producers' cultural processes to these challenging conditions, thus reaching historical record levels (2,750,000 tonnes and 1,000,000 tonnes) in cotton bulk and fibre cotton yields.

Moreover, it is stated that although production costs increased extraordinarily in this season due to the high inflation in global and domestic economies, the increase in product prices remained limited compared to the costs, leading to a contraction in the cotton production balance sheet. For this reason, it is pointed out that if the necessary incentive is not provided in the next season, it will not be possible to maintain the current values of cultivation areas and production.

According to the information contained in the '2022 National Cotton Council Cotton Sector Report', when only the main product 'fibre cotton' is taken as an example, the domestic cotton raw material worth 864 million dollars in 2021 was processed in the textile and apparel industries and recorded gross 16.3 times and net 3.08 times value increases. Moreover, the fact that a current account surplus of 3.9 times its original value has been created with domestic cotton further increases the importance of this gain.

Analysing Türkiye's cotton production and situation in the last five seasons, it is stated that cotton cultivation areas, which had a downward trend due to the unfavourable conditions in the cotton balance sheet, increased to 432 thousand ha in the 2021/22 season with the improvement in the last 4 balance sheet after the lowest value in the last forty years of 359 thousand ha (hectares) in the 2020/21 season. In the 2021/22 season, from the 2 million 250 thousand tonnes of cotton stump produced, approximately 833 tonnes of fibre cotton, 993 thousand tonnes of cotton seed and 149 thousand tonnes of edible oil and 695 thousand tonnes of feed meal were obtained, while 149 thousand tonnes of linter and 150 thousand tonnes of cotton waste were offered to the use of many industries, especially medical equipment and cosmetics. As a result of the further improvement of the balance sheet in the same season, cotton cultivation areas increased further, reaching 550 thousand ha in the current 2022/23 season. Türkiye's cotton consumption is estimated to increase to 1 million 649 thousand tonnes in the 2022/23 season with the increasing demand after the global pandemic.

While 80 percent of world cotton exports are made by 6 major exporting countries (USA, Brazil, Australia, India, Greece and West African-CFA countries: Mali, Benin, Burkina Faso), 70% of world cotton imports are carried out by 5 major importing countries (China, Vietnam, Bangladesh, Türkiye and Pakistan), with Türkiye ranking 4th. Thus, China, India, Pakistan and Türkiye constitute a special competition group as the four major cotton countries that stand out in both production and consumption.

In the report, the National Cotton Council categorises the problems of Türkiye's cotton production under the main topics of high production cost, yield and quality losses, effectiveness of incentives and marketing, sustainability and raising awareness and makes suggestions for the solutions of these problems. Some of these are stated as follows:

Regarding high production costs, "the ministry should set price caps for pesticides and mineral fertilisers on the basis of active ingredient content and these prices should be periodically updated and monitored. VAT rates of agricultural production inputs should be reduced. Farmers should be encouraged to use simple digital instruments such as measuring soil moisture, temperature and using PH measuring metres."

In the face of yield and quality losses, "a comprehensive education and extension project should be prepared and implemented, and in this context, a campaign supported by public ads to be broadcasted on national and local TV channels, street promotions, etc. should be organised during the harvest period. The decision to ban defoliants with the active ingredient Thidiazuron should be reconsidered and changed due to the importance of the yield and losses to be incurred. Seed production of local breeding cotton varieties should be supported with tax exemption and similar incentives."

Regarding the effectiveness of incentives and marketing, "coordination should be ensured between the relevant ministries, etc. in the determination and implementation of cotton policies. A network that provides fast and reliable estimation of cotton cultivation areas and yields on parcel basis by utilising satellite technologies should be established. Cotton planting forecasts should be carried out by integrating with TIKAS together with Parcel Definitions obtained from ÇKS and Land Registry records."

Regarding sustainability and raising awareness, "National Agricultural Sustainability Strategy should be defined and incentives, R&D, training and extension activities and investments should be carried out in accordance with this strategy. A Cotton Sustainability Standard should be prepared and this standard should be matched with other national standards such as Good Agricultural Practices (ITU), GMO Free Turkish Cotton Guarantee brand Standard and international standards such as BCI and mechanisms should be established to implement and supervise this standard. Farmers producing within the scope of organic cotton and Better Cotton Practices (IPUD) should be supported through bonuses, contribution to certification expenses, etc."

Source: textilegence.com– April 27, 2023

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Indonesia shifting away from USD in trade, financial transactions

Indonesia is following the BRICS' lead in gradually shifting away from the US dollar in trade settlements and financial transactions, Bank of Indonesia governor Perry Warjiyo recently said. The country has implemented the local currency trade (LCT) system, he told a press conference after this month's board of governors meeting.

The BRICS nations—Brazil, Russia, India, China and South Africa—are working on creating a common currency to reduce their USD reliance and are also working on establishing a new currency.

Warjiyo said Indonesia has initiated diversification of the use of currency in the form of LCT.

Indonesia's LCT system is 'considerably more concrete' than the BRICS de-dollarisation approach, given that the country has already implemented the currency diversification method with Thailand, Malaysia, China and Japan, he was quoted as saying by an Indonesian media outlet.

Jakarta plans to sign an agreement with Seoul regarding local currency transactions in early May, he said.

Source: fibre2fashion.com– April 27, 2023

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New EU GSP safeguard proposals to badly hit Bangladesh: EuroCommerce

EuroCommerce, the European body representing the retail and wholesale sectors, recently claimed that the safeguard measures proposed in the European Union's (EU) new Generalised Scheme of Preferences (GSP) would severely affect Bangladesh's economy.

The trade body has conveyed its concern to the EU over a specific article of the new post-2023 GSP regulation proposal related to the automatic safeguards applied to textile and readymade garment (RMG) products.

If the proposed rules are not changed, Bangladesh could face most-favoured-nation (MFN) tariffs and the suspension of zero-duty benefits for its apparel items in the EU market, it noted.

EuroCommerce has expressed hope that the EU can consider a targeted and technical solution to mitigate the possible negative impact on Bangladesh due to the new GSP regulation proposal.

It has requested negotiations on the new GSP regulation and fears that hundreds of thousands of RMG workers in Bangladesh are at risk of losing jobs. Additionally, the proposed measures could jeopardise the sustainable development of the sector.

A transition period for countries that join GSP plus post-graduation from the least developed country (LDC) status prior to activation of the automatic safeguards should be introduced to give more time to beneficiary countries and economic operators to adjust, EuroCommerce has suggested.

It has also cited that increasing the threshold for triggering automatic safeguard measures on RMG products from the proposed 37 per cent to the current level of 47 per cent would have a dampening effect, media outlets in Bangladesh reported.

With the proposed article, if Bangladesh's share of S-11b products (of the combined HS Sections 61, 62, and 63, comprising knitwear, woven, and home textile items) as a percentage of all EU GSP-covered imports exceeds the suggested threshold of 37 per cent, the automatic safeguard measures will be triggered, according to the letter sent by EuroCommerce.

“The corresponding Bangladesh share is estimated to be almost 50 per cent. It means there is a significant risk that the automatic safeguard measures will suspend the zero-duty benefit for ready-made garments products (woven, knit, home textiles) before the end of this decade,” the letter said.

The Bangladesh mission in Sweden recently sent the EuroCommerce letter to the country’s commerce ministry to chart out the next course of action.

“If alternative destinations for some part of the production will be available by then, we might see an exodus of international brands with a negative impact on the Bangladesh overall GDP,” the letter noted.

“We also fear there is a risk reducing the incentives for Bangladesh to keep working on the reform path ahead, which is strictly linked with the actual possibility to have a preferential access to the European market. Some of the sustainability standards developed over years of hard work might also be at risk,” EuroCommerce director general Christel Delberghe mentioned in the letter.

The EU GSP facility will end this December, and a new GSP scheme will be effective from January 01 for 2024-2034.

Source: fibre2fashion.com– April 28, 2023

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Pakistan: Modest business on cotton market

The local cotton market on Thursday remained steady and the trading volume remained low. Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 17,000 to Rs 20,000 per maund.

The rate of cotton in Punjab is in between Rs 18,000 to Rs 21,000 per maund. The rate of Phutti in Sindh is between Rs 5,500 to Rs 8,300 per 40 kg. The rate of Phutti in Punjab is in between Rs 6,000 to Rs 8,500 per 40 kg.

941 bales of Rahim Yar Khan were sold at Rs 21,300 per maund (condition) and 200 bales of Fort Abbas were sold at Rs 19,500 per maund.

The Spot Rate remained unchanged at Rs 20,000 per maund. Polyester Fiber was available at Rs 375 per kg.

Source: brecorder.com– April 28, 2023

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NATIONAL NEWS

India seeks to enhance trade ties with Latin America: EAM Jaishankae tells biz forum in Colombia

India seeks to bolster its trade with Latin America which is approaching USD 50 billion, External Affairs Minister S Jaishankar has said, as he highlighted that the Indian companies are investing significantly in the region in sectors like energy, mining, agriculture and automobiles. Addressing the India-Colombia Business Forum here in Colombia's capital on Thursday, he said his four-nation trip to Latin America was aimed at exploring ways to upgrade India's level of cooperation with the region.

"Our purpose in being here today is to highlight the growing presence of India in Latin America. Trade volumes between us are approaching the USD 50 billion level annually. Our companies are investing significantly in the region, from energy and mining to agriculture and auto sector," he said.

Indian companies are executing projects in Latin America, including in infrastructure, power transmission and mining, he said, adding that they are also delivering products in the shipping and aviation domain.

"Even where trade is concerned, while we naturally seek to expand its volumes, the decision before us is when, where and how much to invest. The pharmaceutical sector is particularly seized of this challenge.

"Our endeavour is naturally to assess the comparative ease of doing business, among the countries of this region. We focus on market access issues, regulatory complexities and non-tariff barriers. Predictability of the business environment is also an important factor," he said in a statement.

Jaishankar said during the Covid-19 pandemic, India truly established that it was the pharmacy of the world by supplying almost 100 countries with vaccines and 150 countries - including from the developed world - with an increased supply of relevant medicines.

"The fact is, that Covid-19 has made us all much more health conscious but also aware of supply chain vulnerabilities. Cost is also a relevant factor. If we are looking at more sources, regionalised production and competitive pricing, I would suggest to our Colombian friends that the Indian industry is your natural partner," he said. Highlighting the areas of potential engagement between India and Colombia, Jaishankar said India also has a traditional medicine and wellness practice that could have strong business implications.

"The digital domain has also seen exceptional progress in India...Today, India is very much the hub of innovation and start-ups. This is a land of 100 unicorns and growing. Whether you are interested in cyber security or artificial intelligence, drones or space applications, reaching out to Indian business is highly recommended," he said as he tried to woo Colombian investors. Energy is also an important domain of convergence, he said, adding that there have been significant investments in the oil sector by India and energy forms the core of Colombia's exports to India.

"India will be driving much of the additional demand in fossil fuel, in the coming decades. That makes a stronger case for more sustained partnerships. India is also extremely active when it comes to renewables and electric mobility. These two are areas of potential engagement," Jaishankar said.

"I believe that the challenge before us today is to scale up what is already done. But at the same time, to look for new domains that meet emerging demands and equally factor in emerging capabilities. At the end of the day, businesses will go where it is welcome, where it is mutually beneficial and where it is encouraged by policy. That is a message for all stakeholders," he said.

Jaishankar is on a nine-day trip to Guyana, Panama, Colombia, and the Dominican Republic, his first visit as the external affairs minister to these Latin American countries and the Caribbean. "Arrived in Santo Domingo for my first official visit. Thank Vice Minister @josejuliogomezb for a warm welcome. Look forward to my engagements in the Dominican Republic," he tweeted on Friday.

Source: economictimes.com- April 28, 2023

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Shri Narayan Rane launches the revamped CGTMSE Scheme

Union Minister for MSME Shri Narayan Rane launched the revamped CGTMSE Scheme in Mumbai today. CGTMSE has been provided with an additional corpus support of ₹9,000 crore in the Union Budget for FY 2023-24 to revamp its Scheme to provide guarantee for additional ₹2 lakh crore to Micro & Small Enterprises. Accordingly, the major revamp measures were launched and disseminated to the lending institutions. The modifications included reduction in guarantee fees for loans upto ₹1 crore by 50% bringing the minimum guarantee fee to the level of 0.37% pa only.

Another major change announced was raising of ceiling for guarantee from ₹2 crore to ₹ 5 crore and enhancing the threshold limit for claim settlement without initiation of legal action to ₹10 lakh.

While launching the revamp measures Shri Narayan Rane impressed upon the lending institutions to make best use of liberalisation to ensure enhanced lending to the MSE Segment without insisting for collateral. He expressed confidence that such measures would enthuse bankers to reduce their dependence on availability of collateral security which continues to be a problem for MSEs, especially the first generation entrepreneurs.

Speaking on the occasion, Secretary ,Shri B B Swain apprised that CGTMSE was also collaborating with various State Governments for enhanced guarantee coverage for MSEs in respective States. He exuded confidence that all policy level modifications, along with other initiatives being taken by CGTMSE, would result in greater utilisation of guarantee mechanism.

Shri S Ramann, Chairman and Managing Director, SIDBI (who is also the Chairman of CGTMSE) said that CGTMSE has been taking various initiatives which aims at boosting credit flow to MSEs by making the guarantee Scheme attractive for both MSEs as well as for the lenders. He also indicated that CGTMSE would come out with more schemes and assured the lenders that it would always be nimble footed in responding to their requirements.

Banks which had best utilised the guarantee Scheme were felicitated by the Union Minister. Senior executives of banks and NBFCs appreciated the changes being brought in the Scheme and expressed confidence that these measures will go a long way in facilitating collateral free lending to MSEs in the country and thus to create employment in a big way.

During the function it was announced that CGTMSE will collaborate with National Institute for Micro, Small and Medium Enterprises (ni-msme), Hyderabad for setting up a Centre of Financial Inclusion for MSME.

Source: pib.gov.in - April 27, 2023

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FTAs will help India join MNC supply chains: Arvind Virmani, member, NITI Aayog

India's free trade agreements with developed countries will greatly facilitate its entry into the supply chains of multinational companies and significantly push up exports, Arvind Virmani, member, NITI Aayog, said in an interview to ET.

Outlining the challenges and opportunities before India as it strives to become a developed nation by 2047, Virmani said global inflation and oil prices are expected to cool over the next one year and that will have a positive impact on the Indian economy with an expected enhanced capex from the private sector.

"The big export boom, whether in Asia, Malaysia, Thailand or South Korea since the 1980s has all been led by MNCs. Since supply chains of MNCs now constitute something like 50% of the world exports, FTAs with developed countries will greatly facilitate the entry of India into their MNC supply chains, push labour intensive manufacturing and increase exports," he said.

According to Virmani, it is very important to diversify supply chains out of China because of the recent supply shocks and the direct threat that India faces from its neighbour. "The main reason is that we are already too enmeshed in the Chinese supply chain," he said.

"Further, due to the geo economic coercion and a direct security threat, it's too dangerous for us in the future and hence we want to reduce dependence on at least critical inputs from China," Virmani said, hence the decision not to join the Regional Comprehensive Economic Partnership and instead go for FTAs with developed nations.

Speaking on the revival of the private sector investment to match the government's enhanced capex in 2023-24, Virmani said the multiple waves of the pandemic, and each happening at different times in different parts of the world, has messed up the whole demand supply global equation much more than anticipated, leaving businesses confused on the future of their investments.

"So, assuming the current condition persists and there are no fresh major shocks, I expect global inflation will come down and this will soften the interest rates. So, everything will reverse, and things should look better, but the exact timing is very hard to predict," he said.

Commenting on the impact of high oil prices on India, Virmani said the Ukraine war and geopolitical movements have pushed up oil prices which has negatively impacted our GDP growth. "However, now Russia's supply chain is shifting from Europe to China and Asia. So, in that sense, prices should moderate over time," he said.

However, Virmani cautioned that the change in objectives, goals and methodology of OPEC nations has left it unclear as to how it will benefit India. "It is unclear that even when global output falls, oil prices will fall as much as they used to. And that is very critical for us. So, this is a new risk to India," he said.

In his candid conversation, Virmani outlined several opportunities that can drive India's economic growth over the next 25 years.

Source: economictimes.com- April 28, 2023

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ICICI Bank offers a network of Rupee Vostro Accounts, expedites settlement of trade in rupee

ICICI Bank on Friday announced that it offers Rupee Vostro Account to enable Indian exporters and importers to pay and settle export-import transactions in Indian Rupees (INR). The proposition reduces the foreign currency risk borne by Indian exporters and importers as they can use INR for invoicing, payment, and settlement of their transactions.

This initiative is in line with India's Foreign Trade Policy 2023 and RBI's framework for invoicing, payment, and settlement of exports or imports in INR, in addition to US Dollar, Euro and other currencies.

The Authorised Dealer (AD) banks in India can open Rupee Vostro Accounts of correspondent bank/s of a partner trading country to facilitate trade transactions in INR. ICICI Bank has a wide array of over 100 Rupee Vostro Accounts of correspondent banks across 29 countries including USA, Canada, UAE, Saudi Arabia, UK, Germany, and Malaysia.

Sumit Sanghai, Head – Large Clients Group, ICICI Bank said in a statement, "In line with the Government of India and Reserve Bank of India's move to boost foreign trade in rupees, ICICI Bank is offering Rupee Vostro Account to Indian exporters and importers to settle their international trade transactions in INR. ICICI Bank has a strong footprint of over 100 Rupee Vostro Accounts of banks located across 29 countries.

As these countries cover most of India's export/import corridors, Indian exporters and importers can easily settle their trade transactions in INR, and help to promote the growth of Indian global trade and increase international trade in Indian Rupees.

Export-import is one of the biggest contributors to India's economic growth. We believe our initiative will reduce the foreign currency exchange risk borne by our exporters and importers and will expedite international trade settlements."

In addition to the Rupee Vostro Account facility, the Bank offers the most comprehensive array of digital solutions for every stage in the export-import transaction lifecycle.

It includes industry-first facilities such as Trade Online, the Bank's flagship digital platform for export-import transactions; Trade APIs, which enable smooth handling of cross border trade transactions directly from customers' ERP systems, thereby providing greater convenience; e-LC for letters of credit and Export Packing Credit (Insta EPC) for instant disbursal of export finance.

Further, the Bank's Trade Emerge platform offers a comprehensive digital suite of various banking and beyond banking services including an end-to-end journey from business incorporation, regulatory guidelines, partner discovery, logistics and cargo tracking through a blend of services provided by trusted alliance partners. Additionally, the Bank offers Trade Accounts like Exchange Earners' Foreign Currency Account (EEFC) and Current Accounts like One Globe Trade Account (OGTA) for export and import related transactions.

Source: economictimes.com- April 28, 2023

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After a slow start, PLI scheme may switch on the afterburners in FY24

As the government's ambitious production-linked incentive (PLI) scheme enters its third year in FY24, the disbursement of incentives is expected to triple to almost Rs 8,083 crore.

On Wednesday, the Department for Promotion of Industry and Internal Trade (DPIIT) said that disbursement in FY23 stood at Rs 2,874 crore, or only 1.4 per cent of the Rs 1.97 trillion scheme which was launched in FY21 to make India a manufacturing powerhouse.

About 80 per cent of the allocation in FY24 is for pharmaceuticals, drug intermediaries and active pharmaceutical ingredients, medical devices, large scale electronics, including mobile devices, and food.

In the flagship PLI for large-scale electronics, the allocation in FY24 has been pegged at Rs 4,499 crore, which is two-and-a-half times higher than what was disbursed in FY23. This is due in large part because Apple Inc is expected to make a big push in both production value and export of its smart phones.

Government officials said that FY24 will be the first year of production for many companies under PLI, and major claims for incentives will begin only in FY25.

"Incentive payouts are expected to peak only in the second and the third year. As production increases, the support given by the government (incentive) also increases," the officials said.

Nearly half ($10.7 billion) of the overall incentives ($22.4 billion) under the scheme are in four sectors — cell batteries, solar panels, auto and auto components and textiles. An allocation of Rs 604 crore has been made in auto and auto components.

In FY24 these companies are expected to generate reasonable incremental revenues of $3.6 billion, which will be eligible for incentives peaking at $8.7 billion by FY27, according to estimates by Credit Suisse. Electric two-wheeler and four-wheeler companies could be the big winners here.

Similarly, the Rs 18,000-crore incentive for batteries for electric vehicles is expected to kick in in FY25 when production will start. The PLI in textiles will also take off in FY25, whereas that in steel is expected to start this year.

According to Budget documents, as of February, 717 applications under all 14 schemes have been approved, with an overall expected investment of around Rs 2.74 trillion. While an investment of over Rs 47,500 crore has been reported across 12 schemes, as many as 400,000 jobs have been generated across 12 schemes, and production/incremental sales of over Rs 3.9 lakh crore has been reported across 11 schemes.

Challenges

Despite the progress of the PLI scheme, some serious challenges remain. For example, the speciality steel PLI scheme is grappling with implementation challenges, including delay in land availability and high capex requirements. Again, the first edition of the scheme in textiles did not see a lot of interest from industry due to high investment and minimum turnover criteria, resulting in estimated savings worth roughly Rs 4,000 crore out of the total allocation of Rs 10,683 crore.

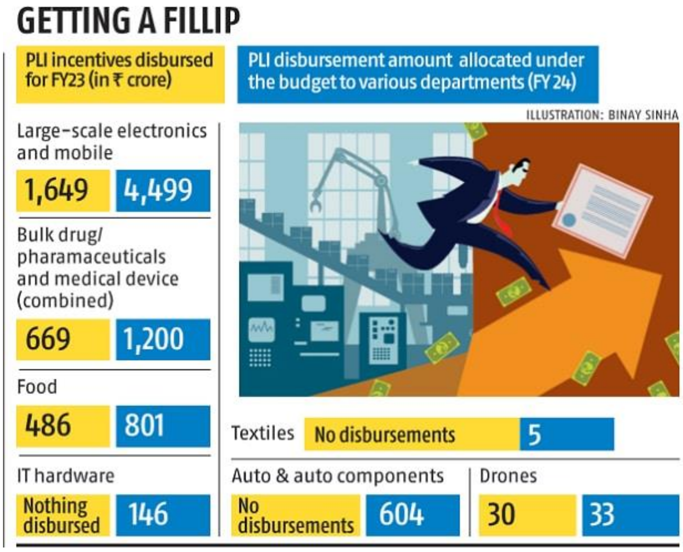
Experts say that there is a greater need for action in labour-intensive sectors such as textiles, which will ultimately result in job creation — a key objective of the scheme.

“One of the major problems of the scheme is that labour-intensive sectors such as textiles have not made as much progress as they should have. High-tech sectors are getting incentives–automobile, pharma, IT… In fact the automobile sector is shedding jobs because of new technology coming in,” Biswajit Dhar, trade expert and former professor at Jawaharlal Nehru University said.

Madan Sabnavis, chief economist at Bank of Baroda, said that the kind of investment and output that the government is eyeing can only cater to the interest of the larger companies, as smaller companies may not be able to invest a large amount.

“Another challenge is how the government will evaluate the performance of the companies making investments. From next year onwards, there will be more clarity on how many companies have passed the test of a certain amount of investment as well as incremental output,” Sabnavis said.

PLI Frontrunners



PLI for mobile manufacturing has seen the maximum progress till now, resulting in greater export of the product. Mobile exports crossed $11 billion during FY23, as compared to $5.48 billion during the same period a year earlier.

However, the PLI scheme for IT hardware such as laptops, tablets, desktops and servers has not been able to attract a lot of investments. As of June 2022, investments stood at Rs 123 crore, far less than the government's target of Rs 2,500 crore.

Experts believe that the rapid growth of the smartphone PLI scheme is a reflection of underlying demand.

"The fundamental reason behind the success of this PLI scheme is that smartphones as a category has grown both from a domestic and global market perspective. 5G has further fuelled the growth of handsets.

Because the sector was growing and there was a huge domestic demand, the PLIs, combined with state-level subsidies and improved infrastructure, made it far more lucrative for companies to start manufacturing here," said Manpreet Singh Ahuja, chief digital officer, PwC India.

Ahuja added that the oversupply of PCs after an unprecedented demand boom during the pandemic has created a glut, but that the IT hardware PLI scheme may see an uptick once the macroeconomic cycle turns back for the PC market, which may take a couple of years.

Another PLI scheme that is picking up is for bulk drugs, which aims to reduce the dependence on Chinese imports.

Deepak Jotwani, senior analyst, ICRA, said that Aurobindo Pharma's investment would roughly account for 55-60 per cent of the total capex lined up under the first phase of the PLI for APIs (application programming interface).

“Around Rs 6,000 crore capex is estimated in the first PLI scheme starting from FY21 to FY24. Not much information is available on how much has been invested so far, but the broad sense is that things are progressing in the right direction.”

Jotwani also added that through the API PLI scheme, India's dependence on Chinese imports should reduce by 25-30 per cent in the next 4-5 years.

Source: business-standard.com- April 26, 2023

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Best CEOs: Behind S.P. Oswal's quest to make Vardhman Textiles into India's largest yarn spinner

Even as I show up early for our 10 am appointment on a Thursday, Vardhman Textiles Chairman S.P. Oswal is in his first meeting of the day. In about 15 minutes, I am shown into a room which could be mistaken for a meditation chamber. Ludhiana's golden winter sunrays streaming through the all-glass windows illuminate titles on the Indian philosopher Sri Aurobindo. Seated on one of the grey sofas lining the three walls of the room is the bespectacled second-generation businessman.

The octogenarian's slight frame, on which his grey woollen suit hangs a tad loosely, belies the vertically integrated billion-dollar textile giant he has built the company into since joining the family business as his uncle's reportee in 1966.

"I don't like to beg from bankers," says Oswal softly but firmly, harking back to a bloody incident in Vardhman's history—which shaped some key decisions at the company. On April 14, 1982, a factory manager carries a pistol unbeknownst to Oswal; a skirmish and a gunshot kills a factory worker; violence leaves 72 people injured and rioters try to attack Oswal in his office. "I prayed to The Mother, 'What can I do now?' Instantly, (it occurred to me) to tell them, 'You want to kill me? I have no arms. You can kill me.'" The unexpectedness of it calmed down the mob and helped start peace talks, he says with a laugh.

Oswal says that was the only year his cash flow was tight because of the long lockout following the episode, and he had to request the bank to defer the repayment of one loan instalment. "I had to wait outside the manager's office for three hours. I came out with tears in my eyes that God may not show me this day again…but after that my balance sheet has always been strong and we have carried on the growth."

Despite the Rs 1,980-crore debt on its balance sheet as of FY22, analysts tracking the firm see its net debt to equity ratio of 0.25 as a big positive, especially in an asset-heavy business. "Vardhman is among the few textile companies that have been able to maintain a debt-equity ratio below one despite continuous capacity addition," says a stock update report by ICICI Securities from November 2022.

Oswal says 1982 was a turning point for him both personally and professionally. Already an avid reader of Sri Aurobindo's writings, every year for the next 32 years, he visited the ashram in Puducherry. And the company decided to set up a Maanav Vikas Kendra at every factory to train workers. His 28,000 employees are a cornerstone of Vardhman's success, says Oswal, the winner in the Textiles & Apparel category of the BT-PwC India's Best CEOs ranking.

In 1984, the violence that followed Operation Blue Star gave Vardhman a new direction—diversification into Madhya Pradesh and Himachal Pradesh to ensure more than 50 per cent of its revenue comes from outside Punjab.

Today, it has 15 factories across Punjab, Himachal Pradesh, Madhya Pradesh, Gujarat, Tamil Nadu and Andhra Pradesh powering its diversified business in yarn, fabric, garments, fibre and sewing thread. "A lot of textile firms expand fast and their balance sheets run faster than their revenues. But Vardhman has been prudent, ensuring that they expand only after their capacity gets significantly absorbed by their sales volumes," says ICICI Securities Analyst Bharat Chhoda. Take its yarn business, for instance.

Founded with just 6,000 spindles in 1965, it is the country's largest yarn spinner today with 1.2 million spindles producing 670 tonnes of plain and dyed cotton, polyester, acrylic, viscose, specialised fibres and blended yarns per day. Yet, it utilised more than 90 per cent of its yarn capacity even when the domestic spinning industry was operating at 50 per cent last year due to uncharacteristically high cotton prices, says the ICICI Securities report.

Apart from the diverse product mix, Chhoda says its high capacity utilisation is also a result of good long-term client relationships which ensure orders don't dry up in tough times. Its roster includes international and Indian brands such as M&S, Gap, H&M, Tommy Hilfiger, Calvin Klein, Superdry, Levi's, Puma, Arvind, Pantaloons and Raymond for its yarns and fabric businesses.

The 81-year-old Chairman's tenure comes to an end in 2024. No stranger to a family feud having seen both his brothers splinter away from the main Vardhman business, he says, "I can sit back with satisfaction that there will be no dispute I can foresee in the time to come." His only daughter Suchita Oswal Jain is the Vice Chairperson of Vardhman Textiles.

It is for the future generations to explore growth opportunities now, he says. While yarn accounts for two-thirds of its revenues, the fabrics segment—which accounts for the rest—is the company's growth engine, says Oswal. This is where Oswal sees immense potential for both his company and the country.

Source: businesstoday.in- April 27, 2023

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North Indian cotton yarn market stays bearish; comber eases in Panipat

The cotton yarn market in north India continued to be bearish today, as cotton yarn prices remained stagnant and demand from the downstream industry was weak. The Ludhiana market is facing a payment crisis, while the Delhi market is witnessing limited trade due to poor buying. In the Panipat market, the recycled yarn market is experiencing a decline of ₹8-10 per kg in cotton comber.

The Ludhiana market is currently facing a financial crisis due to payment delays from brands and corporates, resulting in slower demand for cotton yarn. Trade sources indicate that weak demand is due to several reasons. Brands and corporates are delaying lifting their stocks and payments, resulting in a significant backlog of garment products with manufacturers.

The value of these stocks is estimated at over ₹1,000 crore. A trader from Ludhiana told Fibre2Fashion, "Cash flow has dried up. Brands and corporates are not making payments to their suppliers and a few companies are also demanding an additional discount of 5 per cent of the value. Therefore, many manufacturers are seriously thinking of developing their own brands to sell garments at lower prices instead of supplying to big brands." The current scenario is affecting the yarn market.

Currently, 30 count cotton combed yarn is being sold at ₹277-287 per kg (GST inclusive), while 20 and 25 count combed yarns are being traded at ₹267-277 per kg and ₹270-280 per kg, respectively. Carded yarn of 30 count is noted at ₹255-265 per kg, according to Fibre2Fashion's market analysis tool TexPro.

The Delhi market also saw stable cotton yarn prices with a similar trend of lower demand. Traders mentioned that the demand from the downstream industry was not encouraging, and mills and stockists were striving to maintain prices at current levels.

As per TexPro, 30 count combed yarn was traded at ₹280-285 per kg (excluding GST), 40 count combed at ₹305-310 per kg, 30 count carded at ₹255-260 per kg, and 40 count carded at ₹285-290 per kg.

The recycled yarn market in Panipat experienced a decline in cotton comber prices by ₹8-10 per kg due to slower buying from the home furnishing industry. Trade sources attributed this to the high cost of cotton comber, which made the manufacturing of many home furnishing products unviable. Slower demand from the downstream industry led to ease in prices, but recycled yarn prices remained stable. In this market, 10s recycled PC yarn (grey) was traded at ₹85-90 per kg (excluding GST), 10s recycled PC yarn (black) was traded at ₹60-65 per kg, 20s recycled PC yarn (grey) at ₹95-100 per kg, and 30s recycled PC yarn (grey) at ₹150-155 per kg. Comber prices were noted at ₹140-145 per kg and recycled polyester fibre (PET bottle fibre) was noted at ₹78-80 per kg.

Today, the prices of North Indian cotton continued to decline due to the bearish tone in future trading and slow demand from spinners. The cotton prices eased further by ₹20-25 per maund (37.2 kg). The arrival of cotton was limited to 5,500 bales of 170 kg due to farmers being occupied with the harvesting and selling of the wheat crop. Cotton was traded at ₹6,200-6,300 per maund in Punjab, ₹6,180-6,280 per maund in Haryana, and ₹6,375-6,475 per maund in upper Rajasthan, and at ₹60,000-61,500 per candy (356 kg) in lower Rajasthan.

Source: fibre2fashion.com- April 27, 2023

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