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INTERNATIONAL NEWS

Global textile trade surges 14% in 2022, surpasses pre-COVID levels

The World Trade Organization (WTO) has highlighted that the global textile industry was partially supported during the challenging year of 2020 by the increased demand for medical face coverings, compensating for the decline in apparel demand. The WTO revealed that global trade in textiles surged by 14 per cent in 2022 compared to the pre-COVID year of 2019, despite a 1 per cent and 2 per cent decline in the value of textiles trade in 2022 and 2021, respectively, as per a recent report.

Trade in clothing experienced significant growth, with a 9 per cent increase in 2022 compared to the previous year, following a growth rate of 17 per cent in 2021, as per WTO's report on Global Trade Outlook and Statistics.

Notably, global clothing trade in 2022 was 16 per cent higher than the trade volume in 2019, indicating a robust recovery to surpass pre-pandemic levels.

In terms of value, world merchandise trade saw a 12 per cent rise to reach $25.26 trillion in 2022. However, this growth rate was slower compared to the remarkable 27 per cent growth experienced in 2021 following a 5.3 per cent decline in 2020. Importantly, global merchandise trade in 2022 was 32 per cent higher than the pre-pandemic level recorded in 2019.

The WTO report has projected a 1.7 per cent growth in world merchandise trade volume for 2023, with a further pickup to 3.2 per cent in 2024. However, the forecast is not without risks, as geopolitical tensions, food insecurity, potential financial instability resulting from tightening monetary policies, and increasing levels of debt pose potential downside risks to the projected growth.

Source: fibre2fashion.com– May 10, 2023

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Chinese exports rise by 8.5% YoY in Apr; imports shrink by 7.9% YoY

Beating expectations, exports in China increased by 8.5 per cent year on year (YoY) in April this year to $295.42 billion, down from a 14.8 per cent rise in March, recent China Customs data showed.

Amid weak demand and lower commodity prices, imports, however, fell short of expectations and shrank by 7.9 per cent YoY during the month to $205.21 billion, down further from a fall of 1.4 per cent in March.

On a monthly basis, exports fell by 6.4 per cent and imports fell by 9.7 per cent in April.

The country's trade surplus in April widened, growing by 82.3 per cent YoY.

Trade with the United States and the European Union (EU) contracted during the month compared to the same month last year.

Exports to the United States were down by 6.5 per cent in April to $43 billion, and imports from there fell by 2.9 per cent to $13.3 billion.

Exports to the EU were down by 17.7 per cent YoY in April to $44.7 billion. Imports from the EU contracted as well, shrinking by 38.6 per cent to $23.4 billion. China's trade surplus with the EU grew by 31.5 per cent to $21.3 billion, a global newswire reported.

Exports to Russia were triple what they were in April last year to $9.6 billion, and imports were up by 7 per cent to $9.6 billion. China has eliminated its trade deficit with Russia, with a 99 per cent shrink of the $5.1 billion deficit in Russia's favour last year.

Source: fibre2fashion.com– May 10, 2023

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China's import-export value soars 5.8% YoY from Jan-Apr 2023

In the first four months of 2023, China's total value of imports and exports rose by 5.8 per cent year-on-year (YoY) to reach 13.32 trillion yuan (approximately $1.92 trillion), marking a 1 per cent acceleration compared to the first quarter's (Q1) growth rate, as per the General Administration of Customs (GAC).

Exports exhibited a strong 10.6 per cent increase, while imports displayed a marginal rise of 0.02 per cent during the same period. The data also indicated notable trade growth with specific regions; trade with the Association of Southeast Asian Nations (ASEAN) and the European Union (EU) expanded by 13.9 per cent and 4.2 per cent, respectively.

In the context of the Belt and Road initiative, China's trade with participant countries soared by 16 per cent to 4.61 trillion yuan. A significant surge of 37.4 per cent was observed in trade with the Central Asian nations of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, offsetting weaker demand from traditional markets.

Private enterprises have also been at the forefront of this trade growth, with their imports and exports swelling by 15.8 per cent to 7.05 trillion yuan, accounting for over half of the country's total trade.

Signs of sustainability in this trade growth are also evident as the GAC's monthly survey showed an increasing number of enterprises reporting growing export orders for the fourth consecutive month. In April alone, foreign trade marked an 8.9 per cent YoY increase.

Source: fibre2fashion.com– May 10, 2023

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Retail apparel prices rise further in US, up 0.5% in Mar: Cotton Inc

Retail apparel prices have been on the rise in the US, increasing for the fifth consecutive month, with a 0.5 per cent increase in March. Compared to pre-pandemic levels in 2019, apparel prices were 4.9 per cent higher, as per a recent report by Cotton Incorporated.

Import costs of cotton-dominant apparel, in seasonally adjusted terms, averaged $3.92 per square-meter equivalent (SME). Although down 9 per cent from the peak in November, this remains higher than pre-pandemic levels and significantly higher than post-COVID lows, according to Cotton Inc's Executive Cotton Update - U.S. Macroeconomic Indicators & the Cotton Supply Chain May 2023.

Consumer confidence took a hit in April, with the Conference Board's Index of Consumer Confidence dropping 2.7 points to 101.3, the lowest level since July 2022. While still above the long-term average, it remains below the post-COVID peak in June 2021.

Consumer spending remained flat in March, with a slight decline of 0.03 per cent. However, year-over-year spending increased by 1.9 per cent. Spending on garments experienced negative growth for five out of the last six months, except for February. Nevertheless, March 2022 saw a 21 per cent increase in apparel spending compared to the same period in 2019.

The Federal Reserve recently implemented its tenth interest rate increase since March of the previous year, bringing rates to the highest levels since 2007, ranging from 5.00 per cent to 5.25 per cent. These rate hikes have presented challenges to businesses, resulting in increased financing costs and layoffs. Banks are also under strain, with concerns about potential contagion and a looming recession, the report said.

Historically, economic downturns have followed interest rate increases. Examples include the tech sector speculation in the late 1990s and the sub-prime lending and housing market crash in the mid-2000s. The Federal Reserve has adjusted interest rates to respond to various economic conditions, and the impact on different asset classes, such as cryptocurrency, housing, and commodities like cotton, has been notable.

The US economy is estimated to have added +253,000 jobs in April. Revisions to figures for previous months were strongly negative. The value for February fell -78,000 to +326,000. The value for March fell -71,000 to +165,000. The current twelve-month average is +333,000 jobs per month, it further added.

The unemployment rate decreased from 3.5 per cent to 3.4 per cent between March and April. Average hourly wage growth was 4.5 per cent year-over-year last month. Earnings growth has been weakening since interest rates began to increase (March 2022, when they reached a post-COVID peak of 5.9 per cent).

Source: fibre2fashion.com– May 10, 2023

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Understanding the 'Marcos Syndrome' - US-Philippines strategic cooperation

Gestures from the two presidents' initial encounter on September 22 last year in New York said it all. Joe Biden and Ferdinand Marcos Jr. were seated beside each other, laughing like old pals. According to analysts, this was an indication that the new Philippine president was stitching together a new pattern of diplomacy that may tear apart his predecessor Rodrigo Duterte's tapestry of romance with China.

The US president said it was a critical relationship from their perspective and expressed the hope that they could do a lot together after Biden remarked the US-Philippine connection "has very deep roots."

Marcos Jr. returned the favour by stating that the Philippines, particularly, "greatly appreciated" Washington's contribution to maintaining peace in the region. The return of the USA-friendly policy is there, and it is called the Marcos Syndrome, which will be further elaborated on in the upcoming sections.

Meanwhile, senior Philippine and American foreign policy and defence leaders attended the 10th Philippines-United States Bilateral Strategic Dialogue (BSD) in Manila on January 19–20, 2023.

The BSD, which was first held in 2011, serves as the primary yearly forum for the two nations to discuss the full range of political, security, and economic cooperation, exchange perspectives on current issues and strategic priorities, and come up with new cooperative initiatives at the working group and senior official levels.

The topics discussed included 'Building a Stronger Partnership,' 'Sealing an Enduring Alliance,' 'Promoting An International Law-Based Maritime Order,' 'Readying for and Responding to Emerging Threats,' and 'Advancing Our Common Prosperity, Protecting Our Shared Planet.' This states the growing strategic cooperation between the two states.

However, the journey started in the 60s. The current president's father, Ferdinand Marcos Sr., has been referred to by historian Jose Antonio Custodio as an "Amboy [America's Boy] to the end" because of the prevalent ties between the Marcos family and the US. The Marcoses departed the Philippines amid a series of rallies in 1986 and made their way to Hawaii with the help of Ronald Reagan.

1965 was the first election of Ferdinand Marcos as president of the Philippines. He imposed martial law in 1972. It was a honeymoon period of the US-Philippines friendship. Later on, the People Power Revolution in 1986 forced him to resign, as mentioned earlier. But the legacy never died. They chose the dictator's son as president 36 years later.

Many Americans received the news of Ferdinand 'Bongbong' Marcos Jr.'s triumph with some degree of secret resentment, including some in the US administration. But in the new era of competition with China, the US-Philippines alliance is essential to both countries' security and prosperity. Therefore on March 22, President Ferdinand Marcos Jr. announced that four new military sites would be established in the Philippines, including one in a region that faces the South China Sea, as part of the country's Enhanced Defense Cooperation Agreement (EDCA) with the US.

In addition to the five areas already allowed access by the 2014 EDCA, Marcos gave the United States access to four additional sites. This came as China asserted itself more aggressively in the South China Sea and toward Taiwan's self-government.

Amidst the Taiwan crisis and a growing polarisation for the Ukraine war, the US is readjusting its relations with older allies. The Philippines is one of the oldest in the Pacific region, while significance is on a surge due to the rise of China in the region.

Back in the '70s, the senior Marcos was a strategic ally and served the interests of US-based policies. His family's return to the administration will generate some reproduction of his ideas through Marcos Junior. That signifies the later portions, which will shed light on this issue.

Readjusting Philippine relations with the USA

Philippine President Marcos visits the US to strengthen ties amid tensions with China. The visit was started on April 30 2023. Following a recent near-collision with a Philippine coastguard vessel, the United States had urged Beijing to stop engaging in "provocative and unsafe conduct" in the disputed waterway. Marcos' visit coincides with this call.

Meeting US President Joe Biden at the White House on Monday last week marks the start of Marcos' four-day visit, which the Philippine president deemed "essential to advancing our national interest and strengthening that very important alliance."

In a pre-departure statement, Marcos declared, "We will reaffirm our commitment to fostering our long-standing alliance as an instrument of peace and as a catalyst of development in the Asia-Pacific region."

It shows the passion for maintaining a tie like his father. His prior visit to the US and the UN General Assembly speech emphasising a rules-based approach to maritime conflict signalled that he believes the Philippines' most important relationship is with the US.

Contrastingly, Duterte declared 'separation from the United States' in both military and economic terms, bringing bilateral relations to an all-time low. Duterte embellished this choice with a long list of personal grievances against 'discourteous' US officials. But Marcos Jr. has turned the bet on toward a pro-US vibe. He has unambiguously stated he values the country's alliance with the US and that he wants to strengthen it, in clear contrast to Duterte.

Hence, Marcos Jr. was carrying on Duterte's 'independent' foreign policy; he also sought to 'rebalance' the Philippines' relations with China and the US by trying to rekindle the partnership with Washington. Marcos Jr. was 'rebalancing' and 'recalibrating,' according to Renato Cruz De Castro, an international relations professor at De La Salle University in Manila, Duterte's foreign policy of "friends to everyone, enemy to none."

However, analysts are sceptical about whether Marcos Jr. will compartmentalise engagement with both the US and China, reserving security and defence with America and everything else with China, even though he is essentially pro-US and saying things that are music to the ears of the Americans. But, as the legacy portrays, he can maintain it while maintaining a stronger relationship with the US.

Balancing approach toward China

Marcos Jr. won't change what Duterte had previously done to improve commercial ties with China, but he is strengthening the alliance with the US at the same time.

Duterte was a unilateralist who initially distanced the Philippines from the US. When he took power in July, Marcos Jr. clarified that his administration would resume talks with China over railway plans and a potential agreement for oil and gas exploration in the South China Sea.

In the last hours of his presidency, Duterte abandoned these plans because he was dissatisfied with how little of the promised USD 10 billion in loans and investments had materialised from China.

Priorly, Marcos Jr.'s meeting with Biden and address at the UN made it clear to China that it cannot simply take them for granted. Renato Cruz De Castro, an international-relations professor at De La Salle University in Manila, added that Beijing is "like a girlfriend" courting the Philippines "to wean us away" from the US and that "if China succeeds, then our value to China actually decreases" if it does.

Here came the policies of Marcos, thriving a strengthened relationship with the US administration while not actively antagonising the Chinese administration. Because of its strategic location and the longer distance of Okinawa and Guam from Taiwan, the Philippines is important to the US because it may house US forces' advanced bases in a major conflict like the one in Taiwan.

Tensions during 'non-Marcosian' periods

The Philippines Senate rejected the renewal of the Military Bases Agreement in 1991, and US soldiers left the nation a year later as a result of a later disagreement over payments for hosting US military sites. This damaged bilateral relations. Over the next two decades, relations gradually improved before abruptly deteriorating under Duterte.

But Marcos Jr. is 'in search of a strategy' to deal with growing Chinese influence in the Philippines, made possible by Duterte's policy of pleasing China because a maritime confrontation and a rising China hemmed him in.

Before Marcos Jr. travelled to New York in 2022, US Deputy Secretary of State Wendy Sherman met with him in Manila and assured him that, as head of state, he would enjoy diplomatic immunity and would not be detained for the matter if he entered the country.

Because it was the only way Marcos Jr. could actually stand on the UN stage and assume that, despite his name, it would give him legitimacy, he yearned for that immunity so desperately because they refused to pay their debt to human rights. Marcos Jr.'s statement at the UN General Assembly demonstrated that he chose to move forward rather than wallow in the past. In an era of global unrest and escalating geopolitical rivalry among the major powers, Marcos noted in his speech that the Philippines values America's stabilising role in the Indo-Pacific.

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Source: thefinancialexpress.com.bd– May 08, 2023

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USA: Q1 sheet and towel imports tumble by double-digits

New data from the U.S. Department of Commerce demonstrates the degree to which importers pulled back on orders for spring 2023 arrivals.

The sheeting category was hit harder than the terry towel category, although both showed double-digit declines for the January-March period on a year-over-year basis, according to the Office of Textiles Apparel and Trade Data.

Total imports of MMF (man-made fiber) sheets fell by more than 25% on a U.S. dollar volume basis. China, which accounted for 91% of those imports, shipped 25% by dollar volume and 19% less on a unit basis.

Pakistan made gains in both metrics, although its share of total MMF sheet shipments to the U.S. during Q1 was just over 3%.

Shipments declined more steeply for the cotton sheet category, where they were down 33% on both a U.S. dollar volume basis and by unit.

During Q1, Pakistan accounted for the largest share of cotton sheets imported to the U.S. on a unit basis (40%) than India (36%) or China (16%).

Cotton terry towel volume, while still below last year's levels, fell off less drastically compared to the sheet categories.
Total imports by U.S. dollar volume declined by less than 4% while units pulled back 13%. Pakistan edged out India in share of units imported into the U.S. – 37% to 36%, respectively. China's share was 14%.

Source: hometextilestoday.com– May 10, 2023

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Central America's second-hand garment industry booms amid global recycling trend

Central America's second-hand or used clothing industry is experiencing a boost due to the growing demand for affordable clothing among the majority of the population with limited resources and the global trend towards recycling and reusing garments.

“Central America has become a market for second-hand textiles from countries such as the United States, Canada, the European Union, China, and South Korea”, according to a report titled "Reuse before throwing away" by the U.S. consulting firm Garson & Shaw.

The report presented in Costa Rica revealed that over four million tons of used clothing is traded annually, with the used clothing industry in Guatemala, El Salvador, Honduras, and Nicaragua growing by $274 million between 2011 and 2021.

The report estimates that the used clothing sector will provide over three million jobs in the four Central American countries by the early 2040s and generate nearly $200 million in profits through taxes. Nicaragua experienced the fastest and most significant growth in this industry, with 80% of its population purchasing used clothing or footwear. In 2021, Nicaragua imported 52,500 tons of used clothing, ranking 19th among the world's largest importers. The benefit through taxes for the state was $23.7 million in that year alone, and the industry is expected to account for 1% of the national GDP.

Guatemala is another country with a high need for affordable clothing, and demand for used textiles remains strong. In 2021, the country imported 130,000 tons of used clothing, ranking as the ninth-largest importer of these products in the world. The benefit through taxes for the state amounted to $40.2 million in that year, and imports have grown by 10% since 2017.

Honduras imported 66,000 tons of second-hand clothing in 2021, ranking 17th among the world's largest importers. The tax benefits delivered to the state by the used clothing industry amounted to $34.1 million in that year, representing 1.6% of Honduras' GDP.

El Salvador imported 35,000 tons of used clothing in 2021, ranking 23rd in terms of imports worldwide. The second-hand textile industry accounts for 1.4% of the national GDP, and the government collected $16 million in taxes through this industry.

The used clothing industry in Central America is proving to be a vital contributor to the economy, providing affordable clothing to the majority of the population with limited resources, creating jobs, and generating significant tax revenues for the governments of these countries.

Source: fashionatingworld.com– May 10, 2023

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Global textile yarns market set to grow at 5.7% CAGR, manmade segment drive growth

Despite the prevailing challenges and amidst these economic uncertainties, the textile yarns market is projected to reach $20.2 billion by 2030, demonstrating a compound annual growth rate (CAGR) of 5.7% during the period from 2022 to 2030, according to a recent report by Reportlinker.com, titled "Global Textile Yarns Industry".

The textile yarns industry demonstrates potential for growth, driven by factors such as the artificial segment's expansion and the ongoing recovery in the natural segment.

The report identifies the manmade (artificial) segment as a significant driver of this growth, expected to record a CAGR of 6% and reach a value of $12.5 billion by the end of the analysis period. The natural segment also exhibits promising growth, with a readjusted CAGR of 5.2% over the next eight years, The United States market for textile yarns is estimated at $3.5 billion in 2022, indicating a considerable market presence. However, it is China, the world's second-largest economy that is expected to demonstrate substantial growth, with a forecasted market size of $4.4 billion by 2030. China is anticipated to achieve a CAGR of 9.3% during the analysis period, signaling its potential dominance in the textile yarns market.

Other noteworthy geographic markets include Japan and Canada, each projected to grow at rates of 3.3% and 4.5% respectively, over the period from 2022 to 2030. Germany, within Europe, is expected to achieve a CAGR of approximately 4.1%.

As the global economy grapples with various issues, including inflation, supply chain disruptions, and geopolitical tensions, the textile yarns market presents a positive outlook.

The industry's growth trajectory, particularly in China, offers a ray of hope for investors, manufacturers, and consumers alike.

Source: fashionatingworld.com– May 10, 2023

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Myanmar exports CMP garments worth $384 mn in Apr 2023

Exports of garments in Myanmar manufactured under the cut-make-pack (CMP) system hit $384 million in April this year, according to the Myanmar Garment Manufacturers Association.

The country's income from CMP garment exports in fiscal 2022-2023 (ending March 31) was $1.551 billion.

Most CMP garments from Myanmar are exported to Thailand, China, Singapore and Europe.

Garments worth $200 million were exported to Thailand and China through the border, while garments worth $184 million were exported to Europe by sea, a newspaper in Myanmar reported.

Out of China, Thailand, South Korea, Japan and Taiwan, all of which have invested in the country's CMP garment sector, China is ranked first.

The country is home to 505 garment factories, 48 footwear factories, eight wig manufacturers and other 177 factories engaged in the manufacturing bags, sports suits, sports shoes and socks.

Source: fibre2fashion.com– May 11, 2023

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Sourcing Apparel: Importing from Sub Saharan Africa

Sub-Saharan African countries have begun to attract textile companies globally and now represent a worthwhile and practical zone for textile and apparel sourcing. While some global fashion giants, especially from the US, have already started sourcing from these countries, it is time that businesses from other countries evaluate the opportunity provided by Sub-Saharan Africa to establish a highly satisfactory and cost-effective source of supply.

A growing list of big US companies are sourcing right now from Sub-Saharan Africa, which include names such as Walmart, Dollar General, PVH (Calvin Klein, Tommy Hilfiger), H&M and many more1. These companies have found reliable low-cost apparel manufacturers that present exceptional value and quality as well as provide supplier diversity. Tapping into this burgeoning resource-rich continent makes business sense for these companies to increase their competitive advantage and will certainly appeal to many other retailers and distributors.

What is Sub-Saharan Africa?

Sub-Saharan Africa (SSA) means the 48 countries south of the Sahara desert according to the World Bank. The other countries to the north of the Sahara are considered part of the Arab World. SSA contains the greater part of the African landmass and is a home to the majority of the African population, estimated at around 1.2 billion (roughly 3 times as many as the number of people living in the US). By comparison, China and India both have higher populations of about 1.4 billion each2.

Import Benefit for US Companies

The African Growth and Opportunity Act (AGOA)3 enables duty-free imports to the US from 36 countries in this region, of which 24 are authorised for apparel and textile trade. All AGOA-eligible countries (except South Africa) currently enjoy duty-free and quota-free access for apparel made from fabric originating anywhere in the world. Import volumes are subject to a global cap of 3.5 per cent of apparel imported into the US in the preceding 12-months. This duty-free cap is not allocated to individual countries but is applied on a "first-come, first served" basis4. AGOA is a US trade policy to stimulate SSA economies that currently runs until 2025. This is a major incentive for US companies to source from qualifying SSA countries.

Clothing and apparel imports from non-AGOA African countries to the US are subject to regular tariffs and quotas that vary widely depending on the categorisation of the items – and there are very many sub-categories. For example, woven clothing attracts a 13.2 per cent tariff while knit clothing is subject to 14.2 per cent.

Where To Start: Sourcing Suppliers in SSA

For companies who are not yet sourcing from SSA, and if their chief procurement officers and buyers want to incorporate SSA into their sourcing and supplier diversity strategies, they must balance attractive costs and potential Corporate Social Responsibility positives with the need for some form of due diligence to assure acceptable lead times, compliance and risk management. Each country in the SSA region presents different profiles for those criteria.

The key is accessing accurate data on which to base the decisions and seek advice in the right quarters. They need to tap into supportive government agencies and regional experts for help in identifying appropriate potential suppliers. It is also advisable to understand the economic and political risks about conducting overseas business in any particular country.

Of course, information can also be obtained typing some search term such as "find clothing manufacturer in Africa" (or substitute a country for 'Africa') on Google. The results will include a wide range of information sources from industry journals to agents, supplier B2B platforms and occasional individual manufacturers. Though many manufacturers in SSA do not have websites, the larger operations do have an online presence.

Prosper Africa (prosperafrica.gov): It is the US government initiative to increase trade and investment between African nations and the United States5. Its stated objective is to mobilise services and resources from across the US government to empower businesses and investors with market insights, deal support, and financing opportunities.

Supplier networks: The best B2B platforms are those where suppliers take out listings and where one can search by region, apparel category, fibre and fabrics.

Sourcing agents: These are the people who have experience in helping source apparel in SSA. They can certainly introduce buyers to relevant suppliers quickly. The extra fees involved can be set off against the time and effort of doing it yourself. The key aspect is to select only agents with a provable track record and a presence in the region.

International apparel design and manufacturing companies supply to many US retail chains, and source from many countries, including those from the SSA region. That may be an alternative route, avoiding the hassle of trying to find a satisfactory supplier.

Obtaining Sample Shipments

Once suppliers have been identified who can produce sufficient production volume in the desired items, styles and materials, the next step is to obtain samples. Naturally, retailers will want to produce their own designs eventually, but a request for similar samples doubles as a test of the suppliers' professionalism, communication skills and responsiveness.

Samples, and their associated cost, range from a one-off initial request for fabric samples to a production sample as a final step before placing an order. At the very least a designer will want to check the feel of a fabric, its warp, weft, and shear behaviour to ensure it meets with expectations for the clothing item under consideration. That may be simply to narrow down suppliers to a potential shortlist. Further along in the process, a buyer may request a pre-production sample to double-check the pattern, estimate costs and consistency before seriously considering a full production run. This sample might cost the same as units of the production run.

As a final step prior to placing an order, the buyer might request a production sample (also known as 'top of the order' sample) as a final validation of the design and quality. If it requires a print screen, mould, or similar pattern, then the costs may be borne by the buyer and deducted from the eventual cost of the production run once the order has been placed.

While samples are typically offered at a significant discount, the cost of transportation from Africa to the retailer's headquarters cannot usually be avoided unless the company has a buyer in the region.

Certification Of Manufacturing Units

Reputational integrity of a retailer can be damaged if a supplier or any part of the supply chain is found to be guilty of malpractice, such as sweat shop conditions or slavery, for example. In addition, these days, sustainability and environmental concerns are also a priority with consumers in advanced countries. It means buyers need to carry out reasonable due diligence about prospective manufacturers, which may be difficult given the distance involved between the importing country and Africa. Here, fashion retailers can take services of specialist due diligence practitioners, who are available across the continent to perform these business intelligence tasks, and to also assess possible exposure to risks such as fraud, corruption and bribery.

Production Lead Time

There are many variables in estimating any supplier's production lead time, such as ready availability of fabric stock, pattern complexity, level of work for tailors/ seamstresses, volume required, availability of the workforce required and whether it is a first or subsequent production run. Most retailers would expect a lead time of 4-6 weeks for a fairly standard design, but custom designs could well take anything up to 3 months to complete6.

Just like many aspects of sourcing clothing and apparel from SSA or any foreign country, good communication, establishing buyer credibility and rapport along with realistic expectations and readiness to negotiate—all assist in delivering a satisfactory outcome. However, SSA should not be seen as a region where fast turnaround of orders can be readily accomplished.

Logistics Of Importing from SSA

Africa is a large continent, which means that transportation distances to the nearest ocean port may be significant, impacting shipping timescales. Manufacturers should offer a FOB service regardless of their location.

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Source: fibre2fashion.com– May 10, 2023

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Vietnam sees over $6 bn trade surplus in Q1 2023: GSO

Vietnam reported a trade surplus amounting to $6.35 billion in the first quarter (Q1) of 2023. This figure represents a significant increase from the $2.35 billion surplus recorded in Q1 2022, as per the General Statistics Office (GSO).

Boosting the surplus, April alone contributed about $1.51 billion. Furthermore, 20 Vietnamese exports exceeded $1 billion in commercial revenues. Among these, five commodities registered over $5 billion each, making up 57.4 per cent of the country's total revenues.

The processing industry led the country's export sectors, accounting for 88.5 per cent (around $96.1 billion) of export revenues. The US remained the top market for Vietnamese goods, importing around $24.4 billion, followed by the European Union with $9.3 billion and Japan with $367 million.

China emerged as the largest source of imports into Vietnam, with net exports to the country totalling $16.8 billion. South Korea and the Association of Southeast Asian Nations (ASEAN) followed closely, exporting $8.9 billion and $2.3 billion respectively.

A representative from the ministry of industry and trade (MOIT) noted that China, being Vietnam's largest trade partner and second-largest importer of Vietnamese goods, has great potential for future trade growth. The gradual resumption of trade activities post-COVID-19 in China is seen as a positive sign.

Despite the significant trade surplus, Vietnam experienced a 13.6 per cent year-on-year (YoY) decrease in total trade, amounting to around $210 billion in Q1 2023. This decline has been attributed to both internal and external factors.

Domestically, weak aggregate demand has slowed down production, adversely affecting commercial activities. Externally, rising global fuel prices, slow global economic recovery, and the collapse of several major banks have led to an increase in inflation and a reduction in imports.

The MOIT representative expressed concerns about the capacity of processing industry firms to maintain their current commercial momentum, given the rising costs, falling orders, and challenges with capital absorption, according to Vietnamese media reports.

In April, Vietnam's total trade stood at $27.54 billion, a 7.3 per cent decrease compared to March. In the first quarter, the Vietnamese-owned sector net imported around $8.04 billion, whereas the sector with foreign investments had a net export of $14.39 billion.

Despite the global tightening of monetary policies leading to a decrease in demand for goods, Vietnam's total trade with the world in the first four months of 2023 totalled $210.79 billion, resulting in a trade surplus of over $6 billion. The processing and manufacturing sector continued to lead, contributing $96 billion or 88.5 per cent of total exports.

Vietnam's imports primarily consisted of production materials, accounting for 93.6 per cent of the total import value at $95.64 billion. The US and China remained the biggest importers of Vietnamese goods, with $28.4 billion and $33.3 billion, respectively.

Source: fibre2fashion.com– May 10, 2023

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Bangladesh Unions Want Triple the Minimum Wage

Recent discussions in Dhaka question the progress, or lack of it, being made on labor training, occupational safety and health, freedom of association and minimum wages, according to sources close to Bangladesh's garment sector, the world's second-biggest apparel exporter behind China.

Unions linked to the apparel sector are among the most active in the South Asian, where more than 9,106 basic unions fall under 37 national union federations and some 191 union federations. The Department of Labour's 2020 statistics show that only 5.2 percent of Bangladesh's approximately 4 million garments workers holds trade union membership, putting the collective bargaining coverage rate at about 1.5 percent.

The country registered about 300 trade unions per year between 2020-2022.

Although Bangladesh has seen "tremendous advancement" in acknowledging the critical role trade unions play in ensuring safety, there's still "tremendous" work to be done, Tuomo Poutiainen, country director, International Labour Organisation (ILO), Bangladesh told Sourcing Journal.

"A lot of attitudes have changed, particularly in the garment industry, but we would like to see more of that. It's not always well accepted by employers that workers should have a role to play in collective bargaining and dialogue and working conditions at factory level. The percentage of workers registered in trade unions is still very low. There is a lot of room for this to grow and for the unions to play a better and a more powerful role," he said, pointing to the garment sector's "massive transformation" since Rana Plaza.

"The investment in occupational safety and health, and industrial safety for workers have certainly seen real changes; the industry is much safer than it was 10 years ago, that is something we are very clearly able to say," he added.

ILO has been working with Bangladesh organizations to advance training and worker safety.

The Department of Inspection for Factories and Establishments (DIFE), for instance, has been collaborating with ILO to find the way forward, answering worker rights organizations' call to strengthen the department so it can better monitoring safety.

"The role of DIFE is extremely important," Poutiainen said. "The capacity and ability of inspectors from DIFE to visit factories has grown significantly over the last 10 years—the number of inspectors has grown from some 60 in 2013 to more than five times that number today and the government budget has more than quadrupled in this time. At the same time the industry is growing fast in Bangladesh so it is a huge challenge to reach and maintain all of these and it is very important to continue to improve and augment and strengthen this."

However, getting DIFE in tip-top shape has been a challenge in recent years.
Speaking at a seminar organized by DIFE and ILO last month, Nasir Uddin Ahmed, DIFE inspector general, said the organization lacks the manpower to properly manage factory inspections. Asking its 313 inspectors to scrutinize more than 80,000 facilities is too daunting a task, he pointed out.

Others attending the seminar on "10 Years Achievement on Occupational Health and Safety in Bangladesh" had strong sentiments about trade unions.

"Even when we have representations in tripartite committees, our recommendations are often ignored," said Kutub Uddin Ahmed, general secretary, IndustriAll Bangladesh Council.

"Eight out of world's top 10 green and environment-friendly garment factories are in Bangladesh—there are more than 100 green factories in Bangladesh but the trade unions are almost absent from these," he said.

Kutub Uddin Ahmed, general secretary, IndustriAll Bangladesh Council
"Eight out of world's top 10 green and environment-friendly garment factories are in Bangladesh—there are more than 100 green factories in Bangladesh but the trade unions are almost absent from these," he said.
It's impossible to meet sustainable development goals without ensuring workers' rights, Ahmed said.

“Owners are still against trade unions and they force workers not to join any union,” added Kalpona Akter, president of the Bangladesh Garment and Industrial Workers Federation Factory.

The issues, however, are complex, according to one member of the Bangladesh Garment and Manufacturers and Exporters Association (BGMEA). “Many of the unions have political affiliations, and these are not apparent to the outside world who stress unionization without understanding the issues within the country, and the specific areas. A lot of union leaders come with political agendas, and the situation cannot be judged from the outside without understanding the way things work in the country,” he said.

Many union leaders believe that global brands and retailers can do much more on the labor front. While they have actively helped improve factory and worker safety over the last decade, they could help ensure worker participation and the freedom of association as well.

“One way the trade unions could step up was if buyers held the factories accountable for violation of labor rights,” said Nazma Akhter, executive director, Awaj Foundation.

Buyers should also ensure that unions are actively supporting members.
“Although the number of registered unions has increased many of these new unions are not active in practice,” she said.

Worker rights continue to be an area of concern as Bangladesh apparel exports cross the $38 billion mark for the nine-month period since July 2022.

The delegation of the European Parliamentary Committee on International Trade which visited Dhaka last year urged Bangladesh to improve human rights and amend labor laws in line with international standards, and voiced concerns over the nation’s extrajudicial killings and enforced disappearances.

Clean Clothes Campaign was among the many organizations to address the need to support workers rights at the tenth anniversary of the deadly Rana Plaza disaster last month.

“While many factories are now safer, progress is lacking on most other issues. Our collective pressure continues to be needed to push for workers’ rights,” it said in a statement. “Together, we need to push brands to assure their suppliers and the newly-convened Bangladeshi wage board that they will support a tripling of the minimum wage by increasing the prices they pay per product. We need to stand in solidarity with Bangladeshi workers and fight alongside them against the ongoing repression of freedom of association,” the organization noted.

Bigger unions are pushing to raise wages from the current minimum of 8,000 taka or approximately $75 a month. Bangladesh’s labor law requires industries to set minimum wages every five years. Trade unions have recently asked for an increase to 25,000 taka ($233.42) as the new minimum wage to meet rising inflation and living expenses.

Trade unions in Bangladesh also want 10 percent annual salary increases, which is double the current 5 percent, and new wage structure for workers.

Source: sourcingjournal.com– May 10, 2023

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BGMEA calls on the customs department to simplify shipment certification process

The apex garment makers' body in Bangladesh, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has called upon the customs authority to simplify the process of issuing certificates pertaining to short shipments — a short shipment takes place when the quantity and/or value of goods actually exported is/are lesser than what is declared in export shipping documents — of goods in terms of exports.

According to reports, BGMEA President Faruque Hassan in a recent letter written to the Commissioner of the Chittagong Customs House (CHC), requested a meeting with the customs house so as to determine what factual documentation is required for the issuance of certificates when it comes to short shipments.
Meanwhile, speaking to the media, people in the know of things, reportedly claimed work was underway to update all information regarding the post-export short shipment of goods in the Asycuda Word System.

Asycuda Word System is an integrated customs management system for global trade and transport operations in a modern automated environment, and the website of the country's central bank (Bangladesh Bank), even if this system is said to have been hampered by various issues although Bangladesh Bank, National Board of Revenue (NBR), the exporters and the CHC have held several meetings to address the issue, but could not be resolved owing to various complications related to the same.

Source: apparelresources.com– May 10, 2023

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Joint Statement of the 6th India-Canada Ministerial Dialogue on Trade & Investment

India and Canada held the sixth Ministerial Dialogue on Trade & Investment (MDTI) in Ottawa on May 8, 2023, co-chaired by Shri Piyush Goyal, Union Minister of Commerce and Industry, Consumer Affairs and Food, and Public Distribution and Textiles, Government of India and the Hon'ble Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development, Government of Canada. The Ministers emphasised the solid foundation of the trade and economic relationship between India and Canada and recognized the significant opportunity to deepen bilateral ties and economic partnership.

The Ministers touched on the important discussions taking place at the various meetings of the G-20 being held in India this year under the Indian Presidency. In this context, Minister Ng noted India's role as a global economy of the future and congratulated the Government of India and the Indian business organizations on the successes enjoyed so far at the G-20 events in India. She expressed her support for India as G20 Chair, and the priorities pursued by India in the G20 Trade and Investment Working Group. Minister Ng indicated that she is looking forward to participating in the upcoming G-20 Trade and Investment Ministerial meeting in India scheduled to take place in August 2023.

In recognition of the critical importance of the Indo-Pacific region for Canada's prosperity, security, and its capacity to address environmental challenges, Minister Ng noted the rolling out of Canada's Indo-Pacific Strategy and noted India's importance in the region.

The Ministers noted the resilience of bilateral trade in 2022 following the challenges of the COVID-19 pandemic and the disruptions caused by the war in Ukraine. Canada-India bilateral trade in goods reached nearly C$12 billion in 2022, a substantial 57% increase over the previous year. The Ministers also underlined the contribution of the services sector in furthering the bilateral relationship and noted the significant potential for increasing bilateral services trade which stood at C$8.9 billion in 2022. Ministers recognized the significant growth of two-way investments and their contribution to deepening economic and trade ties, appreciative of the improvements made by both countries to facilitate business growth and attract investment.

The Ministers noted that the trade-related strengths of India and Canada are complementary and real potential exists for trade in both goods and services to expand significantly in both traditional and emerging sectors. With that goal in mind, the Ministers called for boosting the commercial ties between the two countries through enhanced cooperation and by forging partnerships to take advantage of the complementarities in such sectors as agricultural goods, chemicals, green technologies, infrastructure, automotive, clean energy, electronics, and minerals and metals. The Ministers further asked their officials to discuss trade remedy issues of bilateral importance on a regular basis.

The Ministers emphasized the key institutional role that the MDTI can play to promote bilateral trade and investment ties and to strengthen economic cooperation between the two countries. Recognising the need for a comprehensive trade agreement to create vast new opportunities for boosting trade and investment flows between India and Canada, in 2022 the Ministers formally re-launched the India-Canada Comprehensive Economic Partnership Agreement (CEPA) negotiations. In pursuit of that goal, negotiations towards an Early Progress Trade Agreement (EPTA), as a transitional step towards the CEPA, have been underway and several rounds of discussions have already taken place. The EPTA would cover, among others, high level commitments in goods, services, investment, rules of origin, sanitary and phytosanitary measures, technical barriers to trade, and dispute settlement, and may also cover other areas where mutual agreement is reached.

The two sides also agreed to explore enhanced cooperation through measures such as coordinated investment promotion, information exchange and mutual support between the two parties in near future. This cooperation between India and Canada will be finalized by way of a Memorandum of Understanding (MoU) preferably in Fall 2023.

The Ministers noted that global supply chains remain under the threat of disruption from the fallout of the COVID-19 pandemic, as well as the effects of the ongoing war in Ukraine. In this context, they discussed the continued importance of working together to promote the international rules-based order and supply chain resiliency in critical sectors. They emphasised enhancing cooperation in sectors such as clean technologies for infrastructure development, critical minerals, electric vehicles and batteries, renewable energy/hydrogen, and AI.

Recognising the importance of critical minerals for the future economy and green economy, the Ministers agreed on the importance of government to government coordination to promote critical mineral supply chain resiliency. Ministers also agreed to explore options for business to business engagement on critical minerals between the two countries, and have committed to an annual dialogue between the appropriate points of contact at the officials level on the margins of the Prospectors and Developers Association Conference in Toronto to discuss issues of mutual interest.

Both sides discussed the potential for strengthening the cooperation in the field of science, technology and innovation in priority areas by building on the ongoing work in the Joint Science and Technology Cooperation Committee (JSTCC) and seeking enhanced collaboration in the areas of start-ups and innovation partnerships. The Ministers agreed that there is significant potential to strengthen such cooperation and to enhance collaboration between their research and business communities in support of a sustainable economic recovery and the prosperity and wellbeing of their citizens.

The Ministers recognised the value of further deepening the India-Canada commercial relationship through initiatives such as organized fora for SMEs and women entrepreneurs.

Minister Mary Ng appreciated the visit of the Indian business delegation at the sidelines of the 6th MDTI which has enhanced B2B engagement. To continue the momentum of B2B engagement, both Ministers look forward to the relaunch the Canada-India CEO Forum with renewed focus and a new set of priorities. The CEO Forum could be announced at a mutually-agreed early date. Further, Minister Mary Ng announced that she looks forward to leading a Team Canada trade mission to India in October 2023 which was welcomed by Minister Goyal.

The Ministers noted the significant movement of professionals and skilled workers, students, and business travelers between the two countries, and its immense contribution to enhancing the bilateral economic partnership and, in this context, noted the desire for enhanced discussions in the area of migration and mobility. Both sides agreed to continue to discuss ways to deepen and strengthen the bilateral innovation ecosystem through an appropriate mechanism to be determined. In addition, in accordance with Canada's Indo-Pacific Strategy, further investments will be made to support industrial research and development partnerships.

In line with the announcement made in the National Education Policy 2020 of India for facilitating foreign universities and educational institutions, India also invited top Canadian Universities to set up their campuses in India.

The Ministers noted that India and Canada have agreed to an expanded air services agreement in 2022 which enhances people to people ties through enhanced commercial flights by carriers of both the countries.

The Ministers reaffirmed their commitment to the rules-based, transparent, non-discriminatory, open, and inclusive multilateral trading system embodied by the World Trade Organization and concurred to work together to further strengthen it.

The Ministers agreed to remain engaged to provide sustained momentum including having an annual work plan which is reported on a regular basis to build linkages and strengthen cooperation across sectors to harness the full potential of the trade and investment relationship between India and Canada.

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

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Shri Piyush Goyal invites Canadian businesspersons to participate in the journey of growth of Indian economy

Shri Piyush Goyal, Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution, and Textiles, Government of India invited the Canadian businesspersons to participate in the journey of growth of the Indian economy which is aimed to bring prosperity for the man and woman at the bottom of the pyramid during the Round Table of Indian and Canadian CEOs in Toronto, Canada yesterday.

He said that India is focusing not only on high-quality standards in goods and services but also on high-quality delivery of goods and services. The Minister said that this focus on high quality is attractive for Canadian business persons and their investments.

Sh. Goyal said that the growth in Canada will be driven by the use of significant pools of capital, innovation, new technologies, and Research and Development (R&D) in big markets achieving economies of scale and making products affordable. The Minister said that Canadian businesses can prosper in the safe and conducive business environment of the Indian economy.

Sh. Goyal praised Hon'ble Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development, Government of Canada for her leadership and involvement in taking the Canada-India partnership to the next level.

He appreciated the pace of negotiations for the Early Progress Trade Agreement (EPTA), as a transitional step towards the re-launched India-Canada Comprehensive Economic Partnership Agreement (CEPA) negotiations. The Minister lauded the work being done by negotiating teams of both countries and their focus on big outcomes from the Agreement in the future.

The Minister said that there is a huge potential in the Canada-India partnership as they are amongst the fastest growing large economies and will continue to be in the coming years. Sh. Piyush Goyal said that the macroeconomic fundamentals of India is at its peak under the visionary leadership of Prime Minister, Sh. Narendra Modi and India is not an oil based economy, it can prosper despite emerging challenges across the world. Sh. Goyal said that inflation has been under control in India over the last 9 years of the government under the leadership of the Prime Minister. He highlighted the huge foreign exchange reserves of India and the significant rise in overall exports of India from around US$ 500 Billion two years ago to US$ 770 Billion in FY 2022-23.

He mentioned the target of achieving the overall exports target of US$ 2 Trillion by 2030 and said that is an ambitious target but is achievable given the rapid growth of the economy.

Sh. Piyush Goyal said that the two economies complement each other and there is not much of conflict between them. He said that there is certainly some competition but no conflict of interest between the two economies. The Minister said that Canada is focusing on natural resources given its huge reserves and investments. He also said that in comparison to the Manufacturing sector, Canada is more interested in the Services sector.

He said that every country has certain specific strengths and for India the investable surplus is the pool of management and technical talent and skills. Sh. Goyal emphasized the importance of the young demography of India and the production of the highest number of 'Science, Technology, Engineering and Mathematics' (STEM) graduates today anywhere in the world.

Sh. Goyal said that this century is an important one for India as it is expected to have the world's youngest population for the next 30 to 40 years resulting in a significant portion of the population in the working age. He mentioned that dual degrees, mutual recognition of our educational qualification throughout professional bodies, etc. were discussed in the meetings with Ms. Mary Ng. Sh. Goyal also said that the setting up of campuses in each other's country was also deliberated upon so that youth of both countries can contribute to economic development.

Sh. Goyal mentioned that the Indian rupee as a currency has also been relatively stable over the last nine years of the government and said that a strong Indian rupee is beneficial for the economy, countrymen and the exporters as well. He said that India has never defaulted on its international obligations and India's debt-to-GDP ratio is relatively amongst the lowest in the developing world and certainly far lower than the USA, Japan and many other rich countries.

The Minister said that India offers a stable business environment with decisive and popular leadership. He said that the Prime Minister has been recognised internationally as a leader who is contributing significantly to face the challenges of the world and the G20 Presidency reflects his vision.

He said that the theme of “Vasudhaiva Kutumbakam” underlines the initiatives and efforts of India at the global level to encourage sustainable development and preserve Earth as a better planet for the future generations.

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

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Round 9 of India-UK FTA talks concludes with 'detailed' policy discussions

The ninth round of India-UK free trade agreement (FTA) negotiations concluded with detailed discussions across a range of policy areas, the UK government said on Wednesday. A joint outcome statement issued by the Department for Business and Trade (DBT) revealed that Round 9 of the ongoing talks took place between April 24 and 28 in a hybrid format, with some Indian officials travelling to London and others attending virtually.

There is no date set for the 10th round of negotiations, which is likely to be hosted by New Delhi, also in a hybrid format.

"In continuation of the eighth round of negotiations held during 20-31 March 2023 in New Delhi, the United Kingdom and the Republic of India held the ninth round of talks during 24-28 April for a UK-India FTA," the DBT statement said.

"As with previous rounds, these were conducted in a hybrid fashion - a number of officials from India travelled to London and others attended virtually. During the round, detailed discussions took place across a range of policy areas," it said.

"The tenth round of negotiations is due to take place in the coming months," it added.

India and the UK have been negotiating an FTA since January last year, with a goal towards a comprehensive pact that is expected to significantly enhance the bilateral trading relationship worth an estimated GBP 34 billion in 2022.

Recently, Britain's Chief Negotiator for the FTA - Harjinder Kang - was appointed the country's new Trade Commissioner to South Asia and Deputy High Commissioner for Western India, based in Mumbai.

UK Business and Trade Secretary Kemi Badenoch said he is expected to use the FTA talks experience to build on the UK's "outstanding track record" on trade in South Asia. Kang has been succeeded in the role of the UK's Chief Negotiator for the India-UK FTA by Kate Thornley, previously Deputy Chief Negotiator.

According to official UK government statistics, India was the UK's 12th largest trading partner in the four quarters to the end of Q3 2022, accounting for 2.1 per cent of total UK trade.

The DBT describes the UK-India investment partnership as "thriving", with over GBP 28 billion invested in each other's economies supporting over half a million jobs.

Source: economictimes.indiatimes.com- May 10, 2023

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GST: FinMin lowers e-invoicing threshold to ₹5 crore from August 1

The Finance Ministry has issued a notification stating that businesses with a turnover of ₹5 crore or more will be required to adopt e-invoicing from August 1, whereas the current threshold stands at ₹10 crore.

As per Rule 48(4) of CGST Rules, notified class of registered persons have to prepare invoice by uploading specified particulars of invoice (in FORM GST INV-01) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN).

After following above 'e-invoicing' process, the invoice copy containing inter alia, the IRN (with QR Code) issued by the notified supplier to buyer is commonly referred to as 'e-invoice' in GST.

Because of the standard scheme, 'e-invoicing' facilitates exchange of the invoice document (structured invoice data) between a supplier and a buyer in an integrated electronic format. It is important to note that 'e-invoice' in 'e-invoicing' doesn't mean generation of invoice by a Government portal. The invoice not registered on the portal will not be valid. In such a situation, input tax credit (ITC) on the same cannot be availed by the recipient, and will attract applicable penalties.

Experts say the assessees with turnover between ₹5-10 crore are small assessees, and if the limit is reduced to ₹5 crore, they will need to register on the portal and upgrade their accounting systems very quickly. The staff will also have to be trained for the same in a short span

They also say systematic implementation of e-invoices would be a must for business continuity. For a supplier of goods, businesses are generally advised to implement an IT solution that would ensure compliance with e-invoicing rules and e-way bill rules.

In contrast, supplier of services may use free software tools to generate e-invoices and even monthly batch processing of invoices would be suitable. Familiarising people with e-invoicing utility and vetting of HSN codes on the e-invoicing portal are other important pre-requisites, they added.

Tax officials say e-invoice has many advantages for businesses such as Auto-reporting of invoices into GST return, auto-generation of e-way bill (where required). Also, e-invoicing facilitates standardisation and inter-operability leading to reduction of disputes among transacting parties, improve payment cycles, reduction of processing costs and thereby greatly improving overall business efficiency.

Source: thehindubusinessline.com- May 11, 2023

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After initial worry, cotton production expected to rise; market arrivals pick up

Cotton arrivals have picked up after a delay, indicating that production in India will be better this year though subdued demand may keep consumption down.

The Cotton Association of India (CAI), which represents various stakeholders in the trade, had pegged production in cotton year 2022-23 (October to September) at a paltry 303 lakh bales of 170 kg each in April. This was lower than the production of 312 lakh bales in the previous year, which was itself the worst output level in over a decade. The association attributed the fall in production to output declines in Maharashtra, Punjab, Telangana, Andhra Pradesh and Odisha.

The government-owned Cotton Corporation of India has, however, projected that production will touch 337 lakh bales in its revised estimate, better than the previous year's level, but still below the 352 lakh bales of 2020-21.

"So far, we haven't got any adverse reports on production from any region. CAI could have based its estimate on the slow arrivals. Usually the market sees 70 to 80 percent arrivals by March. But this time the flow of fresh cotton to the market was around 60 percent," said Sanjay Kumar Panigrahi, CGM of the Cotton Corporation of India.

Arrivals seem to have picked up towards the end of April. "A section of the trade said the arrivals have been in the range of 45-47 lakh bales in April and a similar trend is expected in May and June," said Pratik Gadia, founder and CEO of The Yarn Bazaar, a B2B online platform for yarn.

Consumption concerns

However, consumption is down and most manufacturers are operating at below 50 percent capacity due to the lack of demand. "The cotton industry is predominantly export- dependent, with 60 percent of the products shipped from the country. A dull export market has hit production. As a result, we may end up with higher closing stock," Gadia said.

The last few months have seen a sharp fall in garment exports from the country. Apparel exports rose 1.1 per cent to $16.20 billion in FY23 from $16.02 billion in the previous year. But they fell below the target of $17.6 billion.

`"This was achieved despite the challenges of the Russia-Ukraine war, sluggish demand for apparel in major garment importing countries, stiff competition from other major apparel manufacturing countries, and volatility in raw material prices at the beginning of the year," said Naren Goenka, chairman of the Apparel Export Promotion Council (AEPC).

The situation is not different in the case of Tiruppur, the knitwear hub of the country, where exports showed a marginal increase in terms of value. "Total exports reached over Rs 34,000 crore in FY23 from around Rs 33,000 crore in the previous year, though the quantity showed a decline," said KN Subramanian, Tiruppur Exporters' Association (TEA) president.

Price correction

Weak demand has pulled down cotton prices, which had escalated over 60 percent to Rs 100,000 per candy of 356 kg last year. Prices are now in the range of Rs 60,000 to 70,000 per candy, for different varieties. Apart from global problems, the high price of Indian cotton had also hit exports last year.

"The high cost has led to greater demand for non-cotton and blended products, which are comparatively cheap, especially from the fashion industry. Concern over cotton quality during the initial months of arrivals in the market, due to rains in November and December, is another factor that is encouraging this trend," said Gadia.

Traders reckon that the coming months may see a gradual uptick in demand in both domestic and export markets. This may result in cotton imports remaining high. In cotton year 2021-22, cotton imports had touched 14 lakh bales, 4 lakh bales more than in the previous year, because of the decline in production. The current year is expected to see imports remain at around the same level.

The government has slashed the export estimate to 25 lakh bales from 43 lakh bales last year. Garment exporters are, however, optimistic about shipments in the coming year.

"We would like to opt a path of cautious optimism for this financial year as the global headwinds are still strong. With the support of the Government, the industry expects growth of 5-10 per cent in exports for 2023-24 as compared to last year," Goenka said.

TEA also expects 20 percent growth in exports in FY24.

The industry is hoping the government will push through a free trade agreement (FTA) with the European Union, which could provide a level playing field for India with other countries from Asia.

Source: moneycontrol.com- May 10, 2023

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MSME body seeks green channel for e-commerce exports

The Federation of Indian Micro and Small & Medium Enterprises (FISME) has urged the Union government to set up a green channel like China to facilitate e-commerce exports.

"A green channel for e-commerce exports with easier documentation and customs process simplification for timely delivery must be formed on lines of China, one of the biggest e-commerce exporters, to help streamline the process in India," said Anil Bhardwaj, secretary general of the association, while speaking with Moneycontrol at the launch of FISME report titled 'Expanding India's e-commerce exports with a focus on SMEs'.

According to Bhardwaj, the process currently takes anywhere between seven days and a month. "There are only about 8-10 foreign post offices in the country in big metros which send out shipments, which is another hassle," he added.

A bulk of MSME orders are shipped internationally via post.

However, Bhardwaj says, China has been able to streamline its process in a way that it is only a matter of minutes for shipments to go out there.

"A task force needs to be made to only work towards streamlining the whole process, from packaging of products to shipment," Bhardwaj said.
The Foreign Trade Policy 2023, released on March 31 this year has laid special emphasis on giving a fillip to e-commerce exports and MSME exports and pegged its export potential at $200-300 billion by 2030.

However, as per the FISME, "A huge gap exists between these estimates and the actual situation and requires concerted action on the part of exporters, platform owners and the government."

Currently, e-commerce exports account for only $2 billion, less than 0.5 percent of the country's total goods export basket.

"Documentation challenges are high. While the list of mandatory documents required by customs is three or four, the actual number of documents we have to supply is higher (about 10 to 12)," the report reads.

MSMEs exporting via e-commerce portals among other issues also have to deal with online exports facing high return rates as customers are unable to examine products beforehand. Bhardwaj explained that at present, even returns are treated as imports because of problems in identifying the returned product as the originally exported product and thus is subject to full import duties.

Citing best practices, he said, “Companies like ‘Returns USA’ provide returns management and reverse logistics services, which can be taken up in India as well to support the industry.”

Payment reconciliation should be simplified, extended

Lack of digital maturity in SMEs, complex documentation and regulation processes, payment problems, product returns as well as logistical problems are stumbling blocks for the industry.

“While the world has moved ahead with payments coming in various ways including via cards and online systems, payments reconciliation continues to be extremely complicated and acts as a major roadblock for third-party e-commerce exporters,” Bhardwaj said.

Payment reconciliation is an accounting process that verifies account balances to ensure all sets of records are true, consistent, and up-to-date. All SMEs exporting via e-commerce channels are required to file payment reconciliations every six months as per current norms. FISME says this period should be extended to one year.

The body has suggested that banks, customs and the Reserve Bank of India (RBI) sit together and form norms for special facilitative mechanisms on cross-border payments, especially with respect to the closure procedure at banks.

Separate e-commerce policy needed

A report released by economic think tank Global Trade Research Initiative (GTRI) in March this year, also highlighted the potential of the e-commerce sector and said that India should target $350 billion worth of goods export through e-commerce by 2030.

“As the needs of the e-commerce export sector are vastly different from the regular export sector, the e-commerce export policy should be an independent document addressing all pain points faced by exporters,” the report read.

It added that apart from the RBI and customs, this policy should be jointly framed with the Directorate General of Foreign Trade after making necessary changes to their regulations.

It however pointed out that for that, the government needs to address the problems the sector faces by taking steps like formulating a separate policy along the lines of those in countries including China, South Korea, Japan and Vietnam.

The policy, according to GTRI, must include redefining responsibilities of sellers, simplifying payment reconciliation and processes along with setting up of a National Trade Network for the medium.

What has the government done?

The ministry of MSME has established 52 export facilitation centres across the country with an aim to provide requisite mentoring and handholding to MSEs in exporting their products and services.

A total of 102 enterprise development centres (EDCs) have been setup “with the aim to build a network of entrepreneurial leaders by providing professional mentoring and handholding support services to existing as well as aspiring MSMEs with special focus on rural enterprises on continuous basis”, said a ministry statement.

These EDCs act as “one-stop-shops” and provide services under components including awareness, incubation, enterprise facilitation, etc.
The ministry is also implementing an international cooperation scheme for enhancing the marketability of products and services in the MSME sector by facilitating visits or participation of MSMEs in international exhibitions and trade fairs, buyer-seller meets abroad.

A cluster development programme is being implemented by office of the development commissioner (MSME) to boost the productivity and competitiveness as well as capacity building of micro and small enterprises to increase demand.

The ministry of commerce has also established a process to address the concerns of returns for jewellery items, which are now counted as returns that do not attract import duties. This also provides a basis for establishing similar facilitative procedures for other e-commerce exports items.

Source: moneycontrol.com- May 10, 2023

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Shifting dynamics: Indian textile industry relies on imports to bridge cotton gap

The textile industry in India is facing a significant challenge as the demand for imported cotton surges due to a scarcity of domestic supply. Indian spinners have taken action by placing orders for a substantial quantity of 2.50 lakh bales from Australia, which will enjoy exemption from import duties. It is anticipated that this stock will arrive in India within the next three months.

To address the limited domestic supply, numerous textile firms are exploring the option of importing cotton from African countries. The central government has introduced a scheme that provides a reduced import duty for cotton imports from underdeveloped nations, prompting many businesses to consider this alternative.

Despite the estimated cotton crop in India exceeding 340 lakh bales, the arrivals have been slow this year. This can be attributed to many farmers choosing to withhold their entire crop in the hopes of securing better prices. Consequently, the rise in demand for imported cotton highlights the textile industry's need to bridge the supply gap resulting from reduced arrivals in the domestic market. As spinners turn to alternative sources for cotton procurement, the industry's overall dynamics remain to be seen.

The growing demand for imported cotton poses challenges to the competitiveness of domestic cotton in terms of price and availability. This shift could potentially lead to a decline in demand for domestic cotton.

Furthermore, the increased reliance on imported cotton may bring about a shift in India's position in the global cotton market. As the textile industry diversifies its sources of cotton procurement, it could impact the country's cotton export potential and its standing among other cotton-producing nations.

These developments reflect the complex dynamics and challenges faced by the Indian textile industry as it seeks to navigate the scarcity of domestic cotton and meet the growing demand for textiles.

Source: fashionatingworld.com- May 10, 2023

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Confident of achieving Walmart's goal of $10 bn exports from India annually by 2027: Walmart CEO Doug McMillon

BENGALURU: Talking about how Walmart's goal of exporting goods worth $10 billion from India annually by 2027 seemed within reach, Doug McMillon, President and CEO, Walmart Inc said that it would be remarkable to witness how things would unravel over the next 20 years here. "I started coming to India 20 years back and while it was a great opportunity from a sourcing perspective, it was more in a specific category of home textiles. Our confidence now to achieve the export goals is going up. The country has a very strong future. We hope to be part of this economy for decades and decades," McMillon stated while addressing Indian suppliers and partners at an internal showcase event in the city on Tuesday.

In December 2020, Walmart had announced that it would triple its exports of goods from India to $10 billion each year versus the current $3 billion by 2027.

The CEO reinforced Walmart's continued commitment to India and building an ecosystem of suppliers and partners, including small and medium enterprises to achieve its objectives. Reaffirming Walmart's roadmap of strengthening partnerships with Indian communities, he spoke about expanding opportunities for Indian businesses and fostering innovative solutions for retail from India to the world.

"Walmart is committed to India and we are here for the long term. We are excited about the Indian suppliers and partners who make quality, affordable and sustainable products for our customers and members around the world. We are proud that our business can support India's growth by creating jobs, strengthening communities, and accelerating India's progress as a manufacturing destination," he added, while discussing India's potential as the fastest growing economy in the world.

Echoing similar sentiments, Judith McKenna, President, and CEO, Walmart International said that India is set to be one of the world's largest economies by 2030. "We want to show our commitment to India. We see entrepreneurial spirit which is more exciting than anywhere else. It is about opportunities – not just for stakeholders but communities and creating real growth. India has long been a priority market for Walmart," she said.

McKenna stated that the company is committed to creating opportunity, strengthening local communities, and empowering customers, sellers, suppliers, and farmers.

McMillon and McKenna met a cross section of suppliers, merchants, grantees, artisans and MSMEs across key India programmes and initiatives. Some of the exhibitors included Mrs Bector's Food Specialties, Vardhman Textiles, Navrang Handicrafts and Mahi Exports among others.

Professionals from Walmart Sourcing, Walmart Vriddhi, Flipkart and Flipkart Samarth, PhonePe, Walmart Marketplace, Walmart Global Tech in India and the Walmart Foundation were also present.

The company invests in programmes and initiatives that help local sellers and suppliers, including kiranas, micro, small and medium-sized enterprises, farmers, artisans, and women-owned businesses to modernise, prosper and create local jobs in the country.

The retail behemoth intends to build a holistic ecosystem that includes a wholesale cash-and-carry business, ecommerce platforms, payments, and financial services platforms, as well as logistics and supply chain capabilities.

Source: economictimes.com- May 10, 2023

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