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Currency Watch			
USD	EUR	GBP	JPY
82.31	88.70	103.74	0.59

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	PLI Schemes contribute to increase in production, employment generation, and economic growth
2	Why Punjab’s area under cotton cultivation has been decreasing
3	Cotton stakeholders to meet on July 10 to fix ‘accurate crop estimate’
4	Govt asks e-commerce firms to create a self-regulatory framework to end 'dark patterns'
5	Niti Aayog working to integrate MSMEs with supply chains
6	India to review production incentive scheme this month-end

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Double-Digit Declines Bite US Apparel and Textile Imports

While many industries seem to be finding some level of recovery from Covid losses, U.S. textile and apparel imports have not come close to pre-pandemic figures. U.S. imports in the sector are down by double digits again across the board comparing April of this year to the same month last year.

While not as dire as the nadir in July 2020, when shipments recorded for the month of May that year were down by 60 percent compared to May of the previous year, the drop this year for the month of April compared to April a year ago remains notable at 19.85 percent, according to the Commerce Department's Office of Textiles & Apparel (OTEXA), for a total of $119.1 billion.

Exports to the U.S. by most of the top 10 suppliers were down. Turkey led the pack with a decline of 69.5 percent in units comparing April 2023 with April 2022, to $789.3 million, a number perhaps influenced by the country's political turmoil and the recent earthquakes there.

It has steep inflation, a weakening currency, fluctuating unemployment and an increase in protection and populist measures like import tariffs that exert a downward push on trade with the U.S. Turkey could also be suffering backlash from its protracted blocking of Sweden into NATO, which the Scandinavian nation applied for after Russia's invasion of Ukraine. Finland applied at the same time as its neighbor and was admitted with no objection.

Imports to the U.S. from China were down by 32.17 percent, to $7 billion, comparing April 2023 with April 2022, and in units, million square meter equivalents (MSME), it was down 22.6 percent.

Still a double-digit decrease, this could reflect the impact of the Uyghur Forced Labor Prevention Act (UFLPA) which bars the entry of goods made in Xinjiang province because of Beijing's state-sponsored oppression against Uyghurs and other ethnic minorities there. The decline continued the first four months of this year, falling 21.1 percent over the first four months of last year.

In bright spots, there were two among the top 10 nations exporting textiles and apparel to the U.S. that could be harbingers of more positive results to come. Egypt, for one, showed an increase in MSME of 1,210.8 percent, comparing April 2022 to April 2023, yet it was down 29.94 percent in dollars in the same period, to $2.1 billion.

The Czech Republic made a strong showing, even though it is hardly a major player. Units were up 227.4 percent comparing April of 2023 to the same month last year, yet it was down by 20 percent in dollars over the same period, coming in at $123.6 million this year.

The only country in the top 10 not registering a decrease was Mexico, where growth in MSME units was up 116.3 percent April this year over April 2022 but down ever so slightly in dollars, 0.77 percent to $8.6 billion. America's southern neighbor may be benefitting from an accelerating trend in nearshoring, with the likes of Shein reportedly looking at investing in a factory there. Mexico could also be taking a bite out of China's totals. The first four months of this year it was up 39.9 percent in units over the first four months of 2022.

Malaysia took a hit, going down 41.57 percent to $63 million comparing April 2023 over April 2022. It similarly showed a decrease of 43.2 percent in units comparing the same two periods.

India and Pakistan also registered declines. India declined 21.77 percent to $3.2 billion comparing April 2023 to April 2022, but was down 34.1 percent in MSME units comparing the same two periods. Pakistan fell 24.46 percent to $6.8 billion comparing April 2023 to April 2022.

Strong supplier Vietnam fell also, by 26.76 percent, from $6.4 billion in April 2022 to $4.7 billion this year, and dropped 36 percent in units. Bangladesh dropped to $2.8 billion in April from $3.4 billion a year earlier.

The United States-Canada-Mexico Agreement (USMCA) trade agreement that went into effect in mid-2020 seems to have brought little to the collective table so far. Like Mexico, Canada this past year saw a 1.7 percent decline to roughly $2.3 billion comparing April 2023 to April last year.

Covid-related decreases in the textiles and apparel sector are unlikely to be remedied soon. The pandemic engendered sweeping lifestyle changes that have consumers needing less clothing and more casual options overall while creating a need in those consumers to waste less and dispose of less to protect the environment. Some also want sustainable and organic options which cost more, translating into tighter budgets that will exacerbate the decline in consumption.

Source: sourcingjournal.com– June 13, 2023

HOME

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Australia's biz conditions decline in May 2023: NAB survey

Australia's business conditions experienced a notable reduction in May 2023, primarily across the trading, profitability, and employment sectors, as indicated by a recent survey by the National Australia Bank (NAB). As the slowdown seems to be accelerating, conditions, albeit slightly above their long-run average, remain significantly below levels recorded in early 2023.

Business confidence dropped to minus 4 index points in May, marking a consistent trend of stagnation or decline since February, with most industries now venturing into negative territory. A significant dip in forward orders was indicative of a probable severe slowdown in demand. This was particularly noticeable in the consumer sector, where both retail and wholesale forward orders fell steeply, making them the weakest among all industries.

Despite the evident slowing activity, capacity utilisation remained high, well above pre-pandemic levels, and showed little signs of retracting. This trend echoed on the cost side, where both input and output price growth continued to mark high rates, as per the NAB Monthly Business Survey.

Business conditions fell 7 points to 8 index points in May, attributed to declines across all three sub-components. Trading fell 8pts to 14 index points, employment declined 7 points to 4 index points, and profitability fell 5 points to 7 index points. Despite the conditions having eased considerably since January, they still remain slightly above the long-term average.

Business confidence took a downturn by 4 points to minus 4 index points. This drop was broadly-based across industries, barring manufacturing and transport and utilities which saw modest improvements.

Forward orders saw a decrease by 6 points to minus 5 index points, while capacity utilisation edged lower but remained high at 84.7 per cent. Reported capital expenditure (capex) also eased by 2 points to 6 index points.

Despite the challenging landscape, both input and output price growth registered an uptick and remain high. Labour costs growth rose to 2.2 per cent in quarterly equivalent terms, while input prices rose to 2.5 per cent.

Final products price growth rose to 1.3 per cent, partially reversing the easing seen last month. However, in a positive sign, retail price growth continued to moderate, now tracking at 1.3 per cent.

Source: fibre2fashion.com– June 13, 2023

HOME

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Carbon dioxide emissions from EU energy use falls by 2.8% in 2022

Carbon dioxide emissions from fossil fuel combustion for energy use in the European Union (EU) reached almost 2.4 gigatons (Gt) in 2022, indicating a decrease of 2.8 per cent compared with the previous year, according to Eurostat estimates.

Carbon dioxide emissions from territorial energy use decreased in 17 EU countries.

The largest decrease was registered in the Netherlands (minus 12.8 per cent), followed by Luxembourg (minus 12 per cent), Belgium (minus 9.7 per cent) and Hungary (minus 8.6 per cent).

On the other end, Bulgaria registered the biggest increase in carbon dioxide emissions (12 per cent), followed by Portugal (9.9 per cent) and Malta (4.1 per cent).

Data show that Germany alone accounts for a quarter of the EU's total carbon dioxide emissions from fossil fuel combustion for energy use. Italy and Poland (each 12.4 per cent), and France (10.7 per cent) came next on the EU's list of the biggest carbon dioxide emitters in 2022.

Carbon dioxide emissions from solid fossil fuels slightly increased at the EU level by 3 percentage points (pp), whereas emissions from oil and petroleum products remained at approximately the same level as in 2021 (1 pp), an official release said.

On the other hand, carbon dioxide emissions from natural gas decreased significantly (minus 13 pp), reflecting, among other things, the efforts invested by EU countries to achieve the voluntary gas demand reduction target introduced in August 2022.

Source: fibre2fashion.com– June 13, 2023

HOME

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Most global cotton benchmarks rangebound over past month: Cotton Inc

Movement in NY/ICE futures was erratic, but most cotton benchmarks were rangebound over the past month, as per Cotton Incorporated. NY/ICE contracts continued to swing back and forth within the limits of the ranges that have contained them since late 2022. Open interest has been migrating out of the July contract and into December. July prices rose from below 80 cents/lb to 88 cents/lb before easing back to current values near 84 cents/lb.

Prices for the December NY/ICE contract (reflective of market expectations after the onset of the 2023-24 harvest) rose from levels below 80 cents/lb to as high as 84 cents/lb after the release of last month's report. Values then retreated below 80 cents/lb near the end of May before recovering to reach the current level near 82 cents/lb, Cotton Inc said in the Cotton Market Fundamentals & Price Outlook - June 2023.

The A Index followed the same pattern as NY/ICE futures. Values climbed from 91 to 98 cents/lb, dropped back to 91 cents/lb, and later recovered to recent levels near 94 cents/lb.

Chinese prices, represented by the China Cotton Index (CC 3128B), increased slightly over the past month (from 107 to 110 cents/lb). In domestic terms, prices rose from 16,300 and 17,400 RMB/ton. The RMB weakened against the dollar, from 6.94 to 7.13 RMB per USD

Indian spot prices (Shankar-6 quality) decreased from 94 to 87 cents/lb between the middle and end of May. More recently, prices recovered some ground, and the latest values are near 91 cents/lb. Domestic prices decreased from ₹60,700 to ₹56,200 per candy before recovering to ₹58,000 per candy. The INR was steady against the dollar, holding near ₹82 per USD.

Pakistani prices were steady around 85 cents/lb during the past month. In domestic terms, prices held at exactly 20,000 PKR/maund since late April but ticked up to 20,300 in the latest data. The Pakistani rupee was generally stable near 285 PKR per USD.

Source: fibre2fashion.com – June 13, 2023

HOME

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USA: Freight Forwarders Aren't Sure When Demand Will Return

Although container demand has plummeted this year, freight forwarders are optimistic that a turnaround is on the way.

Sixty-nine percent of more than 400 freight forwarders surveyed by Container XChange say they hope demand will rebound before 2023 ends. But the "when" is what's unclear, according to the container logistics marketplace platform, with only 18 percent expecting demand to resurface within one-to-three months—just as peak shipping season arrives.

Another 51 percent say they believe in a rebound for container demand, but don't have a clear outlook of timeline.

According to Container xChange's June Forecaster, the persistent decline in container prices comes amid new kinks in the supply chain, including labor disruptions on the U.S. West Coast, a technical recession in the Eurozone and the Panama Canal drought.

"The supply-demand imbalance worsens with upcoming vessel deliveries and low scrapping rates. Spot rates are at pre-pandemic levels in most trades, and contract rates are sliding," said Christian Roeloffs, co-founder and CEO, Container XChange in a statement.

"Coupled with low demand, the industry continues to grapple with overcapacity of containers and vessel capacity. Now we have labor disruptions and the Panama Canal drought, which in normal circumstances would lead to an uptick in freight rates as they absorb effective capacity, but any significant price effect is now highly doubtful in the current market."

Roeloffs predicted that this means that supply chain reliability will deteriorate again for shippers, potentially leading to a "pull forward" on orders.

"This in turn will likely 'flatten out' any peak season and further decrease the likelihood of a freight rate increase in the second half of 2023," he added.

A recent Descartes report shows that demand is still lagging. Last month's U.S. container import volumes were down 20 percent, but up 0.5 percent from pre-pandemic levels in May 2019. On a month-by-month basis, imports increased 3.8 percent from April 2023 to 2.1 million 20-foot equivalent units (TEU). As with the first four months of 2023, the growth in import volume in May continued to track alongside 2019 volumes with a difference of 1.3 percent for the same period in each year.

Container XChange data indicates that prices so far aren't rising heading into the peak season, with the platform calculating that the average price of a cargo-worthy 40-feet container in the U.S. in May was $2,048, marking a drop of 40.6 percent since May 2022 when the same price was $3,092.

A study of average 20-foot cargo-worthy container prices on the Container XChange platform indicates disappointing demand.

Containers into the Port of New York/New Jersey saw their average price fall 67 percent since June 2021 to $1,175 per TEU from $3,525 in the prior-year period. Containers arriving at Port of Long Beach came in second with a drop of 63 percent to $1,431 in June 2023 from $3,865 per TEU two years ago.

At the Port of Los Angeles, TEUs on average declined 29.5 percent to $1,667 in June 2023 from $2,366 per container.

Falling volumes were seen at three major Chinese ports as well, including Shanghai (42.5 percent), Ningbo (44 percent), Shenzhen (41 percent), plus the Port of Singapore (42 percent).

In comparison, the Drewry World Container Index (WCI) composite index of $1,681 per 40-foot container is now 84 percent below the peak of $10,377 reached in September 2021. It is 37 percent lower than the 10-year average of $2,688, indicating a return to more normal prices, but 18 percent higher than the average 2019 pre-pandemic rates of $1,420.

Roeloffs noted that minimum offer prices tend to gravitate towards the level of variable costs, which he estimated have surged approximately 15 to 25 percent since 2019 depending on the trade lane. Consequently, the lower end of freight rates offered by carriers also increased by 15 to 25 percent, he said—similar to the Drewry numbers.

"This poses challenges for shippers who now face higher variable costs for transporting cargo," said Roeloffs. "Despite the significant decline in average container rates from 2021 to 2023, reaching almost 85 percent reduction, the underlying variable costs remain elevated—which makes a significant additional and sticky decrease in spot freight rates unlikely while contract rates still have room for further depreciation."

Source: sourcingjournal.com – June 13, 2023

HOME

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Diesel Transforms Textile Waste Into 28,000 Pairs of Jeans

Diesel's circularity project with the United Nations is coming to fruition.

The OTB-Group owned brand is set to market 28,000 pairs of jeans this fall made using a minimum of 20 percent recycled fibers, derived from cutting scraps sourced from its Tunisian supply chain.

Last year, Diesel teamed with United Nations Industrial Development Organization (UNIDO) to establish a closed-loop recycling system for fabric-cutting scraps. The idea behind the project, part of the EU-funded SwitchMed Programme, is to show how production scraps can and should be treated as a resource and that more responsible raw material use can be achieved through circular business models extended to the entire supply chain.

UNIDO and Diesel have primarily focused on establishing a local business ecosystem in Tunisia to enhance the value of pre-consumer textile waste. This begins with the sorting of cutting scraps at the garment factories. The scraps are then converted into regenerated cotton fibers using a mechanical recycling process and reintroduced into the spinning and weaving process for denim fabrics.

Approximately 7,500 kg of textile cutting waste from Diesel's denim production in Tunisia have been collected and sent to recycling facilities. The 46,000 meters of recycled fabrics these facilities produced were sewn into 28,000 pairs of jeans. A further 4,200 kg of textile-cutting waste has been dispatched to recycling facilities to be incorporated into fabrics for Diesel's Spring/Summer 2024 collection.

The initiative aligns with Diesel's For Responsible Living long-term sustainability strategy and supports the brand's efforts to meet the UN Sustainable Development Goal 12, responsible consumption and production, said Andrea Rosso, Diesel's sustainability ambassador. "Here at Diesel, we foster creative ways to reuse or recycle products and waste across our value chain and we believe that production scraps should be treated as a resource and a way to create innovation with our own product," he said.

A recent study commissioned by UNIDO found that Tunisia's textile industry produces approximately 31,000 tonnes of textile waste, of which 55 percent is classified as scrap. Using recycled fibers could significantly reduce the industry's environmental impact, including conserving water, reducing carbon emissions, and minimizing the release of hazardous chemicals.

"This pilot project demonstrates that capturing the value of waste within the local supply chain in Tunisia is not only technically feasible, but also economically and environmentally more attractive and beneficial than transporting such waste to other regions for recycling, or even worse discarding it altogether," said Roberta De Palma, UNIDO chief technical adviser.

UNIDO previously piloted a circular project, also in Tunisia, with Swedish brand Nudie Jeans to refashion second-quality jeans—those with slight defects such as a discolored wash, inconsistent stitching or irregular cuts—into new ones. The project repurposed 6,530 pairs of second-quality jeans into 16,000 new pairs made of 20 percent recycled cotton, more than the 15,000 it initially targeted.

Source: sourcingjournal.com – June 13, 2023

HOME

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Investments in New Textile Machinery Since 2000

Since the turn of the millennium, investments in new textile machinery have significantly impacted the global textile industry. Advances in technology and the growing demand for high-quality have resulted in the introduction of high-speed spinning and weaving machines, along with the adoption of energy-efficient and environmentally friendly equipment. As a result, investments in new textile machinery since 2000 have been crucial in shaping the future of the textile industry and ensuring its continued competitiveness on the global stage.

When ITMA 2023 will open its doors in Milan, Italy, in June, many textile, textile machinery, chemical, and other companies, institutes, and organisations that are otherwise affiliated with the textile industry from around the world will enter the fully packed exhibition halls with a lot of expectations. Just like four years ago, ITMA will be held in a moment when the global textile industry is undergoing a very difficult time with many unknowns.

In this article we will have a look at how the investments in new textile machinery has evolved since the end of the quota system at the end of 2004 with regard to volumes as well as with regard to destinations. For that we will have a look at ITMF's International Machinery Shipment Statistics. Furthermore, we will also look at how the textile machinery companies have performed since May 2021, when the worst part of the COVID 19-pandemic was already overcome. For this analysis, we will have a closer look at ITMF Global Textile Industry Survey.

Before And After 2005

With the end of the Agreement on Textiles and Clothing (ATC) on the December 31, 2004, the system of bilateral quota restraints on textiles and clothing negotiated by the US and European Union was dismantled.

The ATC, which was negotiated during the Uruguay Round, mandated the phase-out of quotas on apparel and textiles over a 10-year period, beginning in January 1995. It replaced the Multi-Fibre Arrangement (MFA), which entered into force in 1974.

The MFA enabled bilateral agreements between trading nations that would regulate trade in apparel and textiles. It allowed the imposition of import limits in the case of market disruption. Between 1974 and 1991, the MFA was renegotiated four times. The purpose of the MFA was to constrain exports of certain product categories from certain countries.

Therefore, production costs of these product categories were higher than they would have been without restricting quotas. Once exporting countries had reached their quotas on specific products, production had moved to countries with less quota restrictions, often lesser developed countries. To a certain extent, the MFA helped such lesser developed countries to create a textile and apparel industry, of course at higher costs. However, the main objective of the MFA has always been to protect jobs in high-cost countries.

While the MFA has mostly targeted the apparel trade, it also had an impact on the entire textile value chain. It is assumed that countries with quota-restricted product categories did not invest in the respective upstream textile segments as they probably would have done in a quota-free trade environment. And many of these countries started investing in new textile machinery ahead of the end of the ATC in order to be prepared to supply their respective downstream segments.

Since 1970, the International Textile Manufacturers Federation (ITMF) is compiling every year, in close cooperation with all major textile machinery producers from around the world, the number of new textile machines shipped during a year.

The numbers are then published in the so called "International Textile Machinery Shipment Statistics (ITMSS)". While in the 1970s the focus was only on spinning and weaving machinery, the ITMSS is now covering also texturing, circular knitting, flat knitting, and finishing machinery.

Before the ATC expired at the end of 2004, global shipments of short-staple spindles amounted to only 5 million in the year 2000 (see Figure 1). Until the year 2002, these shipments increased very slowly to 5.3 million. Afterwards global shipments picked up and soared to 8.1 million in 2003 and further to 10.6 million in 2004. It seems that around the world companies had invested in new capacities in anticipation of the expiration of the ATC.

After the expiration of the ATC, shipments in short-staple spindles continued rising significantly. Until 2007, shipments soared to 12.8 million spindles. Especially countries with a lot of potential to benefit from this new trade environment started investing. The best example is certainly China. The country could only fully benefit from the end of the ATC because it had joined the World Trade Organisation (WTO) in 2001. Joining the WTO was a kind of culmination point in the integration process of the Chinese economy into the global trading system which started only in the late 1970s.

In 2000, China's share of global shipments of short-staple spindles reached "only" 37 per cent (see Figure 2). Until 2004, this share jumped to 67 per cent. In the following years until 2008, the share fell again to still impressive 43 per cent. After the Global Financial Crisis of 2007/08 China's share soared again to 70 per cent. It declined in the following years slowly but steadily to 36 per cent in the year 2015.

Of course, the share of China seems to be extremely high. But given the fact that the Chinese economy was growing in double-digit numbers of around 10-11 per cent between 1980 and 2010, these enormous investments in new textile machinery do not come as a surprise. Having grown for such a long time at such a speed, the Chinese economy slowed between 2010 and 2020 to a range of between 10 per cent and 6 per cent. This enormous economic growth was fuelled by an increase of the Chinese population which rose from around 982 million in 1980 to around 1,348 million in 2010.

According to the UN, the population has peaked in 2022 with around 1,426 million people and will decrease in the coming years and decades. But this enormous economic growth was not just driven by a higher population. It materialised in a higher GDP per capita as well. Between 1980 and 2010, the GDP per capita skyrocketed from only $195 to impressive $4,550. Until 2022, the GDP per capita continued soaring to $10,409 (Sources: World Bank and UN).

In other words, China had more people to cloth and a richer population with a higher income that could afford more clothing, home textiles and other types of textile products. As a result, the per capita consumption increased.

The investments in new textile machinery like short-staple spindles targeted not only the domestic Chinese market but also the international markets. China's exports of textiles and clothing soared also after the opening up of the Chinese economy. Between 1992 and 2020, exports grew more than ten-fold from $25 billion to around $281 billion, according to the World Bank's World Integrated Trade Solution (WITS).

A closer look at investments in texturing spindles since the year 2000 provides the opportunity to analyse also the markets for synthetic fibres. As the name implies, short-staple spindles are used to spin staple fibres. Before the advent of man-made fibres, all fibres (with the exception of silk) were natural staple fibres and had to be spun. The emergence of filament fibres (cellulosic and synthetic) increased the portfolio of fibres significantly.

Texturing spindles are used to give synthetic filaments a different look and touch. They are therefore a good indicator to what extent the role of synthetic fibres has expanded in the past decades.

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Source: fibre2fashion.com – June 13, 2023

HOME

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Cambodia's Exports: $9.18B, -2.4%; US Top Market

Cambodia's exports in the first five months of 2023 reached $9.18 billion, a 2.4% drop compared to last year, as reported by the General Department of Customs and Excise. Apparel, footwear, travel goods, bicycles, rice, rubber, cassava, bananas, and mangoes were the major exports.

The United States remained the leading market, with exports worth $3.19 billion, a 14.3% decrease from the previous year. Exports to Vietnam rose by 22%, reaching $1.32 billion, while exports to China increased by 13.3% to $588 million.

The government aims to attract foreign investment and boost the economy, especially with trade agreements like RCEP and FTAs with China and Korea. Import figures declined to $10,109 million, a 22.6% decrease from the previous year, with key items including oil, raw materials, machinery, and electronics.

Source: fashionatingworld.com – June 14, 2023

HOME

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US Retailers Cut Garment Imports, Impacting Exports

US retailers and brands have reduced imported readymade garment shipments by almost 25%, impacting exports from China, Vietnam, Bangladesh, India, and Indonesia.

The latest data from the US Department of Commerce's Office of Textiles and Apparel (OTEXA) reveals that in the first four months of this year, the US imported apparel worth $25.21 billion, a decrease of approximately 22.15% compared to the same period last year when imports amounted to $32.39 billion.

China experienced a significant drop in readymade garment exports to the US, with a 32.45% decline, exporting garments worth $4.52 billion in the first four months of this year compared to $6.69 billion in the corresponding period last year.

Vietnam saw a 27.33% decrease in garment exports, while Bangladesh and India experienced declines of 17.88% and 16.59%, respectively. Indonesia's apparel exports to the US fell by 25.57%.

Inflation in the US, which spiked last year due to the Russia-Ukraine conflict, has now decreased to 4.9% in April. As a result, Bangladesh apparel businessmen anticipate an increase in garment orders for the upcoming summer season. The US remains the largest market for Bangladesh's apparel industry.

Source: fashionatingworld.com – June 14, 2023

HOME

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Middle East 2nd largest market for Turkiye's apparel exports in Q1 2023

The Middle East was the second largest region for Turkiye's apparel exports in the first quarter of 2023. However, its share is relatively small compared to Europe, which is Turkiye's largest market.

During the quarter in question, Turkiye exported apparel totalling $4.929 billion. The shipments to the Middle East were valued at $457.148 million, which represented 9.47 per cent of the total exports.

According to insights from Fibre2Fashion's market tool TexPro, Europe remained the dominant market for Turkiye's apparel exports. These exports were worth $3,607.258 million, accounting for 74.70 per cent of the total shipments.

Exports from Turkiye to the Middle East have grown 15.41 per cent since the corresponding period last year when the trade was valued at $396.118 million.

It's noteworthy that trade had previously declined in the same quarter for two consecutive years. Specifically, it dropped 21.64 per cent to $412.905 million in Q1 2020, then further decreased by 16.42 per cent to $345.126 million in Q1 2021. However, this trend reversed in the following year's same quarter.

By the first four months of 2023, Turkiye's exports to the Middle East had reached $549.646 million. The previous year, 2022, saw exports valued at $1,550.490 million. This was an increase from $1,461.320 million in 2021 and $1,291.493 million in 2020. However, it still fell short of the $1,804.214 million recorded in 2019, as per TexPro.

Source: fibre2fashion.com – June 14, 2023

HOME

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Bangladesh-Indonesia PTA can bring economic stability in the region

As per Tipu Munshi, the minister of commerce, Bangladesh and Indonesia, the fifth-largest economy in Asia, is about to execute a PTA, or preferential trade agreement. During a courtesy visit to the ministry office at the Secretariat, Indonesian Ambassador Heru Hartanto Subolo echoed the commerce minister's optimism about the trade agreement and stated that progress had been made in this region.

To carry out this deal, the two nations have established a 'Trade Negotiations Committee,' which has already met three times. The minister stated that Indonesia would host the fourth gathering the following month. The negotiations are expected to end after this round.

Bangladesh and Indonesia currently have a significant trade relationship. According to statistics from the Bangladesh Bank, Bangladesh imported goods from Indonesia worth about $2.5 billion in the fiscal year 2021–22. According to the Export Promotion Bureau, only $78.5 million worth of goods were exported to the Southeast Asian nation during that time. While the whole world is experiencing an economic downturn due to the Ukraine war and Covid-19, these two economies marked steady growth throughout the global crisis. Hence, a PTA between them will further pave the way for both developments while the region will also be a beneficiary.

Tipu Munshi advocated for greater access of Bangladeshi products to the Indonesian market, including readymade clothing, leather goods, and pharmaceuticals, to reduce the trade deficit and balance the two countries' trade relations. He also called for greater business collaboration between the two nations to find profitable investment opportunities and increase trade possibilities. Besides, the Indonesian ambassador consented to help in this respect after the minister stressed the signing of a memorandum of understanding between the top trade bodies of both nations.

The Indonesian ambassador praised Bangladeshi Prime Minister Sheikh Hasina for guiding Bangladesh's transition from a least developed to a developing nation, adding that there are now enormous investment possibilities in Bangladesh. He stated that Indonesian companies wanted to build palm oil refinery facilities in Bangladesh.

About streamlining the visa application process, Tipu Munshi said that relations between Indonesia and Bangladesh are extremely cordial and that both nations have promising tourism futures. The minister added that by simplifying the visa application process, citizens of both nations could satisfy their wanderlust while also boosting their respective national budgets.

The signing of a PTA between Bangladesh and Indonesia has the potential to significantly affect the economies of both nations and regional economic cooperation. This agreement may contribute to developing stronger commercial ties between Southeast Asia and South Asia, two historically separate regions. In this essay, we'll look at some possible effects of the PTA on Bangladesh's economic development, its implications for South Asia and Southeast Asia, and how it might help Bangladesh establish itself as a regional trading hub.

The PTA's elimination or reduction of tariffs on specific goods between Bangladesh and Indonesia is one of its most direct effects. As a result, trading between the two nations will be simpler and less expensive, potentially increasing bilateral commerce.

Bangladesh, which has been looking to diversify its export markets beyond its established allies in Europe and North America, may find this especially advantageous. Bangladesh's exports to Indonesia will probably increase due to the PTA. This could be especially important for the nation's apparel sector, which is a major source of foreign exchange earnings.

Millions of workers, mostly women, are employed in Bangladesh's textile and apparel industry, one of the biggest in the world. The PTA could aid in boosting the nation's textile and apparel exports to Indonesia, which has a sizable and expanding customer market.

It's crucial to remember that the PTA's scope extends beyond clothing and fabrics. The agreement includes a variety of commodities, including machinery, chemicals, and agricultural products. As a result, there might be chances for other Bangladeshi economic industries to enter the Indonesian market. For instance, Bangladesh is a significant jute producer, and the PTA might enable it to ship more of this good to Indonesia.

The diversification of export markets for both countries may benefit from the expansion of bilateral commerce between Bangladesh and Indonesia. Bangladesh has historically relied heavily on a few select export commodities, primarily textiles and clothing, which generate most of the nation's export revenue. Bangladesh could lessen its reliance on these goods and markets and strengthen the resilience of its economy to outside shocks by increasing its exports to Indonesia and other nations in the region.

Increasing regional economic cooperation between South Asia and Southeast Asia may benefit the PTA. These two regions have historically had little commerce and investment flow between them and have been comparatively isolated. However, the PTA could assist in expanding and integrating the market for products and services, which would benefit businesses and customers in the region.

For instance, by lowering trade barriers, the PTA could facilitate increased commerce between South Asian and Southeast Asian nations. Businesses in both regions might be allowed to expand into new markets. As a result, fostering job growth and economic growth. Additionally, as businesses look to seize new opportunities, the PTA might encourage greater investment flows between the two regions.

The PTA may also open the door to more collaboration between South Asia and Southeast Asia on problems like connectivity and infrastructure growth. For instance, the agreement may promote spending on transportation facilities like ports, railroads, and roads, increasing trade and investment flows between the two regions.

The PTA might also aid Bangladesh in luring foreign capital. With improved access to the Indonesian market due to the deal, Bangladesh may become a more alluring location for foreign investors. This might encourage economic expansion and employment creation in the nation.

And finally, the PTA might help Bangladesh become more of a regional trading centre. Bangladesh has the ability to develop into a significant trading hub in South Asia and Southeast Asia thanks to its advantageous location and expanding economy. The PTA with Indonesia may help open the door for greater economic integration and cooperation within the region, strengthening Bangladesh's status as a regional hub for trade and investment.

In conclusion, the ratification of a preferential trade agreement between Indonesia and Bangladesh has the potential to have a substantial impact on the economies of both nations and the integration of the regional economy. The agreement may contribute to developing stronger economic links between South and Southeast Asia and open the door for Bangladesh to develop into a significant regional trading hub.

However, further investments in infrastructure, human capital, and changes to the business climate are necessary to realise the agreement's maximum potential.

Source: thefinancialexpress.com.bd– June 13, 2023

HOME

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Responsible Business Hub starts operation in Dhaka

The Responsible Business Hub, set up by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) with support from the German development agency GIZ, was launched in Dhaka yesterday.

The hub will support garment factories in strengthening their capacities to adapt and comply with new regulations and reporting requirements with regard to due diligence and sustainability.

It will serve as an information centre, raising awareness and providing guidance to readymade garment (RMG) manufacturers in the country on the standards and requirements of human rights and environmental due diligence.

Manufacturers and labour union leaders urged buyers at the launching event to practise ethical buying practices in their supply chain as responsible business is possible only when buyers and consumers change their mindset apart from manufacturers, which account for only 20 per cent of the apparel supply chain.

Bangladeshi apparel manufacturers face uneven competition with non-compliant exporters, he mentioned, BKMEA vice president Fazlee Shamim Ehsan said.

"When buyers source from China, they don't care about compliance but despite maintaining all compliance Bangladeshi exporters do not get the ethical prices for sustainable products," was quoted as saying by media outlets in the country.

“When we talked about the emerging due diligence, there are too many laws and regulations getting passed every day regarding the same issue. We need a unified principle-based legislation which is accepted by all the players in the global supply chain," BGMEA vice president Shahidullah Azim said.

Source: fibre2fashion.com– June 13, 2023

HOME

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NATIONAL NEWS

PLI Schemes contribute to increase in production, employment generation, and economic growth

The Production Linked Incentive (PLI) Schemes have led to a significant increase in production, employment generation, economic growth and exports in the country. Addressing a press conference in New Delhi today, Shri Rajesh Kumar Singh, Secretary, DPIIT said that due to PLI Schemes, there was a significant increase of 76% in FDI in the Manufacturing sector in FY 2021-22 (USD 21.34 billion) compared to previous FY 2020-21 (USD 12.09 billion).

The PLI schemes as envisioned by the Prime Minister, Shri Narendra Modi with the objective of making India 'AatmaNirbhar' is built on the foundation of 14 sectors with an incentive outlay of Rs. 1.97 lakh crore (about US$ 26 billion) to strengthen their production capabilities and help create global champions.

Sectors for which PLI schemes exist and have seen an increase in FDI inflows from FY 2021-22 to FY 2022-23 are Drugs and Pharmaceuticals (+46%), Food Processing Industries (+26%) and Medical Appliances (+91%). PLI Schemes have transformed India's exports basket from traditional commodities to high value- added products such as electronics & telecommunication goods, processed food products etc.

As on date, 733 applications have been approved in 14 Sectors with expected investment of Rs.3.65 Lakh Crore. 176 MSMEs are among the PLI beneficiaries in sectors such as Bulk Drugs, Medical Devices, Pharma, Telecom, White Goods, Food Processing, Textiles & Drones.

Actual investment of Rs. 62,500 Crore has been realized till March 2023 which has resulted in incremental production/ sales over Rs. 6.75 Lakh Crore and employment generation of around 3,25,000. Exports boosted by Rs 2.56 Lakh Crore till FY 2022-23.

Incentive amount of around Rs. 2,900 Crore disbursed in FY 2022-23 under PLI Schemes for 8 Sectors viz. Large-Scale Electronics Manufacturing (LSEM), IT Hardware, Bulk Drugs, Medical Devices, Pharmaceuticals, Telecom & Networking Products, Food Processing and Drones & Drone Components.

PLI Scheme has led to major smartphone companies shifting its suppliers to India, e.g., Foxconn, Wistron and Pegatron. As a result, top high-end phones are being manufactured in India. It has also resulted in a 20-fold increase in women employment and localization in IT Hardware such as Battery & Laptops. Secretary, DPIIT said that the value addition in mobile manufacturing in India is to the tune of 20%. “We have been able to increase the value addition in mobile manufacturing to 20% within a period of 3 years whereas countries like Vietnam achieved 18% value addition over 15 years and China achieved 49% value addition in over 25 years. Seen in this perspective, it is a big achievement”, Shri Rajesh Kumar Singh added.

PLI Scheme for LSEM along with existing Phased Manufacturing Program (PMP) has led to increased value addition in the electronics sector and in smartphone manufacturing, 23% and 20% respectively, from negligible in 2014-15. Of the USD 101 Billion total electronics production in FY 2022-23, smartphones constitute USD 44 Billion including USD 11.1 Billion as exports.

Import substitution of 60% has been achieved in the Telecom sector and India has become almost self–reliant in Antennae, GPON (Gigabit Passive Optical Network) & CPE (Customer Premises Equipment). Drones sector has seen a 7 times jump in turnover due to the PLI Scheme which consists of all MSME Startups.

Under the PLI Scheme for Food Processing, sourcing of raw materials from India has seen significant increase which has positively impacted income of Indian farmers and MSMEs.

Due to the PLI Scheme, there has been a significant reduction in imports of raw materials in the Pharma sector. Unique intermediate materials and bulk drugs are being manufactured in India including Penicillin-G, and transfer of technology has happened in manufacturing of Medical Devices such as (CT scan, MRI etc.).

Source: pib.gov.in– June 13, 2023

HOME

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Why Punjab's area under cotton cultivation has been decreasing

Despite the state government releasing water in the canals on time since the beginning of April this year and providing subsidised seeds, Punjab has recorded its lowest-ever area under cotton cultivation in over six decades.

The decrease in the cotton area has been noted in the last seven to eight years, even as neighbouring states like Haryana and Rajasthan show better results in terms of production of the cotton crop.

When was the decrease in Punjab's cotton farming area noted?

This year Punjab managed to bring 1.75 lakh hectares of land under cotton cultivation, falling short of the state government's target of 3 lakh hectares by 42%, with the lowest-ever area recorded under cotton farming. The state's cotton yield has decreased by 45% compared to the previous year. The Minimum Support Price (MSP) for cotton this year is Rs. 6,600, while the market rate is Rs. 7,000 per quintal.

The decline began in 2015, when the cotton crop was severely attacked by whiteflies. These are tiny white insects that suck sap from the cotton plant's phloem or living tissue, which transports food made in the leaves (through photosynthesis) to other parts.The insect is also a carrier for the leaf curl virus. The disease-affected plants get stunted and lead to reduced yields.

Since then, the area under cotton has stayed under 3 lakh hectares, except in 2019.

Year	Area under cotton cultivation in Punjab (in lakh ha.)
2016	2.95
2017	2.91
2018	2.68
2019	3.35
2020	2.50
2021	2.52
2022	2.48
2023	1.75

What are the reasons behind the decreasing area under cotton?

Experts believe that farmers have lost confidence in the crop due to its lower yield of late. After the whitefly infestation, which prevented farmers from expanding their cotton cultivation for the next 3-4 years, there was more optimism over its chances in 2020.

However, the Pink Bollworm insect also caused disease among the crop in 2021 and farmers were unaware of the means to deal with it. The information on controlling the disease reached them after a delay, causing substantial losses.

Farmer Gurpal Singh, General Secretary of Bharti Kisan Union (BKU) Ugrahan Bathinda Block, mentioned that he cultivated cotton on a 4-acre plot last year, but this year he did not cultivate the crop. He suffered losses in 2022, with the yield reducing to one-third of normal.

Consecutive disease attacks have burdened many farmers with substantial financial losses, forcing them to switch to paddy and Basmati crops, he said. He suggested that the government could assist farmers by aiding them with relevant information for improving cotton cultivation.

Singh highlighted that in his block, which includes nearly 25 villages, only 10 to 15% of the usual cotton cultivation took place this year and fell further below the recent years' already reduced yield. Farmer Gagandeep Singh from Bhurj Bhalaike, in Jhunir Block of the Mansa district that borders Haryana, mentioned that his village used to cultivate cotton on 1,400 acres of land.

However, over the years, the cotton area decreased drastically. This season, only 200 acres were dedicated to cotton cultivation, as farmers were not equipped to handle the diseases, he said. Singh, who cultivated cotton on a 7-acre plot, emphasised the need for information being made available to farmers for dealing with crop diseases.

Way Forward

Bhagwan Bansal, a cotton expert and owner of SS Cotgin Pvt Ltd, a cotton processing unit in Bathinda, estimated that this year the area under rice cultivation would increase by approximately 30% in the district that previously had a significant cotton cultivation area.

Bansal suggested that the Punjab government should establish a Cotton Research Centre in Bathinda, where farmers should have access to soil and seed testing facilities. It could provide farmers with technical knowledge about the crop and raise awareness about diseases.

He added that neighbouring states such as Haryana and Rajasthan have been performing well in this regard due to the presence of such research centres.

In Haryana, approximately 11 lakh bales were produced this year, while Rajasthan had 27 lakh bales. In contrast, Punjab produced 2.50 lakh bales as of March 2023.

Source: indianexpress.com – June 14, 2023

HOME

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Cotton stakeholders to meet on July 10 to fix 'accurate crop estimate'

Ahmedabad, June 13 In a bid to arrive at an "accurate cotton crop estimate" for 2022-23 (the cotton season extends from October 2022 to September 2023), the Cotton Association of India (CAI)'s Crop Committee will convene a meeting of cotton stakeholders from across the country on July 10.

The decision comes after different agencies, including the CAI, the Ministry of Agriculture and Farmers' Welfare, and the apex body of all cotton stakeholders - Committee on Cotton Production and Consumption (CCPC) - released sharply differing crop numbers.

In its third advance estimate released on May 25, the Central Government projected the cotton crop size to be 343.47 lakh bales (each of 170 kg) for 2022-23, whereas on April 30 the CCPC had estimated the crop to be 337.24 lakh bales. The CAI, in its May 2023 monthly estimate, projected the lowest cotton crop in more than a decade at 298.65 lakh bales, the lowest since 2008-09 (290 lakh bales.).

"In view of differing crop estimates of various agencies for the ongoing crop year 2022-23, all 25 members of the CAI Crop Committee representing various cotton growing regions have decided to convene an all-India meeting with all stakeholders (all upcountry associations registered with CAI, MNCs, exporters, importers, mill-members, etc) to arrive at an accurate crop estimate for the 2022-23 crop year, draw a cotton balance sheet in line with the input to be received from all stakeholders, and to reconcile the differences," CAI said in a note on Tuesday, stating that the said meeting will be held on Monday, July 10, 2023.

"The Committee has decided to retain its earlier crop estimate and publish its new crop estimate and cotton balance sheet for the season 2022-23 only after the all-India National Committee meeting," it added.

Notably, in its first crop estimate for the season released in October 2022, the CAI had projected India's cotton crop at 344 lakh bales for the year 2022-23. But the trade body has revised it downwards in its monthly crop estimates.

On Tuesday, the CAI also said the CAI Crop Committee meeting on June 12, 2023, would finalise the all-India cotton pressings numbers up to May 31, 2023. According to CAI data, so far, 256.31 lakh bales have been pressed in line with the data received from the associations. This is against the estimated crop size of 298.65 lakh bales, as per the CAI projections.

Source: thehindubusinessline.com – June 13, 2023

HOME

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Govt asks e-commerce firms to create a self-regulatory framework to end 'dark patterns'

The government has taken serious note of 'dark patterns' and asked e-commerce firms to create a self-regulatory framework to stop such practices, Consumer Affairs Secretary Rohit Singh said on Tuesday.

The e-commerce sector has the largest contribution to dark patterns, and the framework will be created in the next two months, Singh told presspersons here after a stakeholder meeting.

Dark patterns refer to practices that deliberately exploit consumers on the internet, like adding items to a shopping cart even though a user has not opted for it, changing the price of a product at the time of checking out, or even creating a false sense of urgency to advance a buying decision.

Singh, who was present in the over two-and-half hour meet here, said he has asked e-commerce players like Amazon, Flipkart, Swiggy and Zomato, in association with the Advertising Standards Council of India and some law firms, to create a self-regulatory framework to help curb such practices.

He said education and awareness are essential as, many a time, the consumer and seller on a marketplace, like an e-commerce platform, are not aware of the modus operandi deployed by intermediaries to maximise sales or make a sale happen.

If such practices continue even after awareness and creation of a self-regulatory framework, the government may look at coming up with regulations on the matter, Singh said, adding that the statutes governing consumer protection are wide right now and dark patterns do fall under unfair trade practices.

However, enforcement of the law by acting against errant brands may be counter-productive, and hence, efforts are being made to take a step-by-step approach at present.

ASCI's chief executive Manisha Kapoor said the ad industry's self-regulatory body will be coming out with its guidelines on dark patterns very soon, but added that it is a wider subject concerning areas beyond advertising, such as transactions, subscriptions, etc.

"Many (e-commerce firms) say we are marketplaces and do not have full controls, but I think, we are going to push back on that," she made it clear.

Singh also said the government has made it clear to e-commerce firms like Amazon and Flipkart that consumers' trust in the brand gets them to shop on their platform, and hence, they cannot shy away from responsibility and will have to share some liability in case something goes wrong.

He, however, made a distinction between e-commerce players and the state-promoted ONDC (open network for digital commerce), saying the latter is a protocol, which has all the buyers, sellers and also marketplaces like Amazon and Flipkart on it.

Source: thehindubusinessline.com – June 14, 2023

HOME

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Niti Aayog working to integrate MSMEs with supply chains

The government plans to introduce a comprehensive policy for micro, small and medium enterprises (MSMEs) that will provide for easier credit, including collateral free loans and reduced documentation, to help them integrate with the large supply chains. The NITI Aayog, which is working on the plan, has held discussions with industry and states in this regard, said people aware of the matter.

The plan includes identification of products in sectors drawing benefits under Production-Linked Incentive (PLI) scheme which could be developed and supplied by local MSMEs through a dedicated vendor development programme.

"MSMEs have to become part of the domestic supply chain through preferential treatment. The government is exploring ways to incentivise the sector to become competitive, both in quality and pricing of the products," a senior government official told ET.

Sops including collateral free credit financing at reduced rate of interest and reduced documentation could be considered part of the policy, said the official, who did not wish to be identified.

The policy is expected to address some of the pressing challenges holding back the integration of MSMEs with the formal sector. including restricted credit flow through collaterals, high rate of credit, too much documentation and lack of bandwidth for capacity expansion, said the official.

"The need is to quickly identify constraints and come up with focused policies to make MSMEs qualify for global supply chain," said an industry representative, who did not wish to be identified.

Source: economictimes.com – June 13, 2023

HOME

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India to review production incentive scheme this month-end

India will review its production-linked incentive (PLI) scheme at the end of this month to improve utilisation in sectors that are lagging behind, a trade ministry official said on Tuesday.

The PLI scheme, which is Prime Minister Narendra Modi's main industrial policy to boost manufacturing, has so far announced incentives for 14 sectors.

The review will focus on six sectors, including steel and textiles, where the scheme has not been effective, the official, who did not want to be named, told reporters.

The official said the review will help in better utilisation of funds over the next 2-3 years.

Another official said the government had no plans to include chip manufacturing in the PLI scheme, but that talks were in "reasonably advanced stages" to bring toys, footwear and new-age bikes under the fold. The PLI scheme has drawn investments totaling 535 billion rupees ($6.54 billion) until December 2022.

Source: economictimes.com – June 13, 2023

HOME

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