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Currency Watch			
USD	EUR	GBP	JPY
81.91	89.66	104.79	0.58

INTERNATIONAL NEWS

NATIONAL NEWS	
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2	Union Commerce and Industry Minister Shri Piyush Goyal chairs meeting on PM GatiShakti with DPIIT and Eight Ministries
3	May trade deficit widens to 5-month high of $22 billion
4	Rupee-kyat trade arrangement may give India an edge in textile trade
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INTERNATIONAL NEWS

Global cotton production forecast to hit 4-year high in FY24: USDA

World cotton production is projected to reach a four-year high of 116.7 million bales in 2023-24 (FY24), according to the US Department of Agriculture (USDA). The expected growth in production represents a slight increase of 400,000 bales from the previous year.

The increase is predominantly driven by the major cotton-producing countries, with the US and Pakistan leading the charge. Both countries are projected to see a significant rise in production, each adding 2 million bales to the global yield. India is also expected to contribute to the surge, albeit on a lesser scale, with an additional half a million bales.

However, these gains will be partially offset by a reduction in output from China, the world's leading cotton producer. The Chinese crop is anticipated to shrink by 3.7 million bales in the 2023-24 season due to cooler than normal temperatures early in the growing season in China's Xinjiang region, which could limit yield potential. This decrease means China's contribution to global cotton production is expected to shrink from 26 per cent in 2022-23 to 23 per cent in 2023-24, as per USDA’s Cotton and Wool Outlook: June 2023 report.

Meanwhile, India is set to buck this trend with a projected 2-per cent increase in cotton production from the 2022-23 crop. This rise comes despite an expected reduction in harvested area, with alternative crops predicted to reduce cotton acreage to 12.4 million hectares.

A rebound in yield is set to offset this, with the national yield forecast at 448 kg per hectare, the highest in three years. India's share in global cotton production is set to remain steady at approximately 22 per cent.

Outside of the US, other countries including Brazil, Pakistan, and Australia are also projected to see an increase in cotton production. Brazil's output is expected to hit 13.25 million bales, slightly above the 2022-23 figure and second only to 2019-20's record of nearly 13.8 million bales.

Pakistan's cotton production is set to rebound from the nearly four-decade low of 3.9 million bales recorded in 2022-23 due to flood damage. The forecast production of 5.9 million bales for 2023-24 will account for 5 per cent of global production.

Lastly, Australia's 2023-24 cotton production is projected at 5.8 million bales, 300,000 bales above 2022-23 and close to 2021-22's record of 5.85 million bales, supported by above-average reservoir levels.

Source: fibre2fashion.com– June 15, 2023

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China: How to treat the decline in textile and apparel exports?

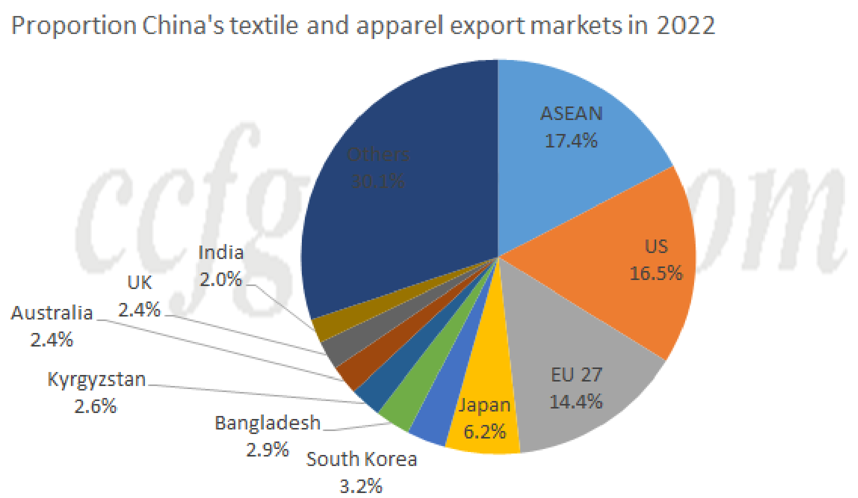
According to data released by the General Administration of Customs, China's imports and exports fell year-on-year in terms of US dollars. Among them, textiles and apparels also showed a significant decline, which was greater than that of the average total exports.

China's exports in Jan-May, 2022/2023 (million USD)				
Item	**Period**	**2023**	**2022**	**Y-O-Y change**
Total export	May	283,500	308,240	-8.0%
	Jan-May	1,400,350	1,402,570	-0.2%
Textile	May	12,021.8	14,028.2	-14.3%
	Jan-May	56,829.1	62,719.2	-9.4%
Apparel	May	13,298.4	15,199.2	-12.5%
	Jan-May	61,373.4	62,052.2	-1.1%

*Note: The year-on-year increase or decrease is calculated based on the absolute value announced during the same period, which is different from the year-on-year data directly announced by the customs.

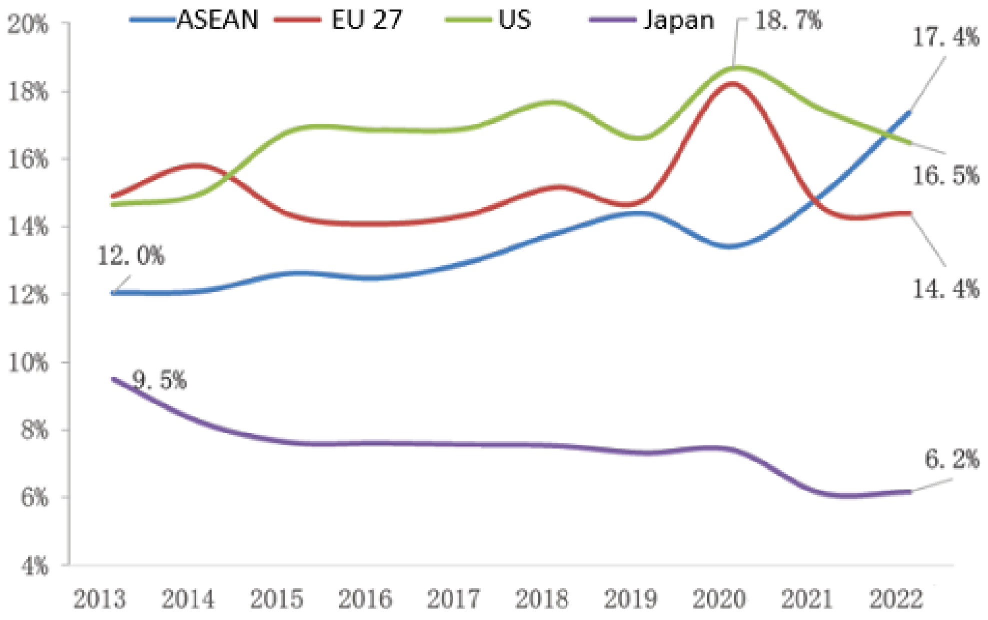
China is a major textile and apparel manufacturing and exporting country, with the capacity accounting for more than half of the world's total, with some taking up more than 70%. The decline in exports will obviously drag down the recovery of textiles and apparels. So, what is the current status of China's exports? How will it change in the future?

The main destinations of China's textile and apparel exports are the US, EU, ASEAN, and Japan, occupying more than 50% of the total exports.



Among the four destinations, the US, EU, and Japan have a tendency of de-sinicization their industrial chains, while ASEAN shows significant growth.

Changes in proportion of China's major export markets



In fact, apart from de-sinicization factors, the decline in global demand is the main reason. Taking Vietnam as an example, the apparel exports also fell by 16.6% in the first two months of this year.

Although the latest data has not been acquired, according to the survey, apparel processors still reflect a decrease in orders. As for demand, taking the United States as an example, the significant decrease in the import volume is largely due to the excessive inventory of its apparel wholesalers.

Based on apparel and fabric inventory tracking for US wholesalers, we can clearly find that the inventory of US wholesalers in 2022 increased abnormally. By 2022, the inventory of US wholesalers had reached 42.991 billion US dollars, which is more than 60% higher than the average level of 25 billion US dollars.

At the same time, the reports of many listed apparel companies also showed that the inventory was abnormally high. The high inventory of apparels in European and American countries is the main reason for the decrease in apparel exports from Asian countries this year.

The increase in inventory is certainly related to factors such as the epidemic, inflation, and consumption fluctuations. But to a large extent, it is also an inevitable pain point of the traditional apparel processing and sales model.

The traditional apparel processing and sales model is mainly for brand owners to predict demand trends, and then place orders for production. After the apparels are produced and delivered to brand owners, brand owners will hold a large amount of inventory and wait for choices from the consumers. In this model, brand owners are the drivers of the entire chain, especially for the upper-end supply chain. But for consumption, the control of brand owners is not very strong. In fact, it is difficult to predict the overall change in consumption.

The fluctuation is often greater than the supply of brand owners, and tidal phenomena will occur to some extent. This will easily lead to a certain stage of bestselling apparels, while a backlog of inventory in another stage. During the best-selling period, the brand owners will make huge profits, which also made Inditex founder-Amancio Ortega the world's richest man, and Shein founder-Xu Yangtian topped the 2023 "New Fortune Top 500 Rich List" as the richest man in Guangzhou. In the depression period, many brand owners were shuffled out because of wrong bets on inventory.

According to the most traditional apparel supply chain management, even if the logistics cycle is disregarded, the orders need to be placed two months or more in advance so that the demand can be satisfied when the consumption season comes. This means that brand owners may have to bear more than two months of apparel inventory. If considering the apparels that were not fully sold earlier, the inventory cycle of brand owners is usually more than 6 months, or even one year.

With the rise of fast fashion brands in the past decade, the cycle has been greatly shortened to 14-60 days. The inventory cycle of these fast fashions is generally lower than that of traditional brands. However, the model is still "determining sales based on production". As long as this model exists, high inventory fluctuations in apparels cannot be avoided.

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Source: fibre2fashion.com– June 13, 2023

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China records 12.7% growth in retail sales in May 2023

China reported a 12.7 per cent year-on-year (YoY) growth in retail sales of consumer goods in May 2023 compared to the same month last year, according to data by the National Bureau of Statistics (NBS).

Though this figure shows a decrease from April's 18.4 per cent YoY growth, the overall retail sales in the first five months of 2023 still surged by 9.3 per cent YoY.

The country’s retail sales totalled 18.76 trillion yuan (approximately $2.62 trillion) in the first five months of 2023, as per NBC.

Source: fibre2fashion.com– June 16, 2023

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US cotton production projected to reach 16.5 mn bales in June 2023

US' cotton production is projected to reach 16.5 million bales in June a 14 per cent increase (or 2 million bales) from the 2022-23 crop, and 6 per cent above the three-year average, according to a report by US Department of Agriculture (USDA). This boost comes on the heels of recent rainfall in the Southwest region, which has enhanced the moisture conditions necessary for spring planting and reduced the abandonment of crop fields.

The upland production estimate stands at 16.1 million bales, rising from last season's 14 million bales. The extra-long staple (ELS) crop projection is estimated at 400,000 bales, down from the previous year's 470,000 bales, as per USDA's Cotton and Wool Outlook: June 2023 report.

Despite an overall increase in production, expectations for the cotton-growing area for 2023-24 have been lowered due to reduced cotton prices and increased prices of competing crops. The USDA's March survey of farmers' planting intentions revealed an 18 per cent reduction in the cotton area from last season, although it remains slightly above the 2021-22 level.

As of June 11, 81 per cent of the forecast cotton acreage was planted, a decrease from last season's 89 per cent and the 2018-2022 average of 86 per cent. Early cotton development has also been slightly below both 2022 and the five-year average.

The USDA anticipates that 9.4 million acres of US cotton will be harvested in 2023-24, reflecting a 10-year weighted average abandonment by region. The abandonment projection stands at 16 per cent, a significant reduction from the 47 per cent in 2022-23. The cotton yield for 2023-24 is forecast at 841 pounds per harvested acre, which falls below the record 950-pound yield of the previous year due to significant losses of lower-yielding Southwest area owing to a severe drought.

Projected cotton demand, combining exports and mill use, for 2023-24 stands at 16.2 million bales, a 500,000 bales increase from the May forecast. Although cotton exports are expected to rise by nearly 8 per cent, competition from other cotton-producing nations will continue to limit growth.

The US is set to remain the world's leading cotton exporter, but other countries like Brazil are anticipated to present increased competition with larger supplies in the global market. As a result, the US share of global trade is forecast to dip slightly to 32 per cent.

US cotton mill use is expected to rise by 10 per cent (200,000 bales) to 2.2 million bales in 2023-24, despite still being one of the lowest levels on record. Lower cotton prices and decreasing global yarn inventories are expected to boost US cotton mill use as the country continues to be a major exporter of yarn and fabric for apparel production.

Finally, the USDA's June supply and demand estimates indicate that 2023-24 US cotton ending stocks are projected at 3.5 million bales, 300,000 bales (9 per cent) above the beginning level. The stocks-to-use ratio is projected at a relatively low 22 per cent, similar to the last two years. The 2023-24 US upland farm price is forecast to decrease from an estimated 82 cents per pound for 2022-23 to 77 cents per pound.

Source: fibre2fashion.com – June 16, 2023

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Monthly UK production output falls 0.3% in Apr post 0.7% rise in March

Monthly production output in the United Kingdom is estimated to have fallen by 0.3 per cent in April this year, following a rise of 0.7 per cent in March. The monthly fall resulted from a decline in three of the four production sectors, with manufacturing being the main contributor.

Monthly manufacturing output decreased by 0.3 per cent during the month and saw eight of its 13 sub-sectors negatively contributing to growth, according to the Office of National Statistics (ONS).

Monthly production output in April was 0.1 per cent above February 2020, the last month of 'normal' trading conditions before the COVID-19 pandemic, ONS said in a release.

Production output for the three months to April rose by 0.2 per cent compared with the three months to January this year. Growth came primarily from manufacturing (0.7 per cent).

Source: fibre2fashion.com – June 16, 2023

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Target, Walmart Investments Show South Carolina's Port Appeal

At the Wando Welch Terminal in the Port of Charleston, South Carolina, massive blue cranes tower above while colorful containers sit nearby, stacked like a child's blocks. As a massive container ship approaches, workers dart about, preparing to remove more containers from its deck.

This scene plays out dozens of times each week across the port's five terminals: Wando Welch, Leatherman, Union Pier, Veterans and North Charleston. And the South Carolina Ports Authority is intent on increasing that number, making major investments to create new facilities, upgrade existing ones and make it easier for larger ships to access port terminals.

As of 2022, Charleston ranks eighth among United States ports, four spots below regional competitor Savannah, Ga., and just two behind Norfolk, Va. That year, Charleston processed 2.8 million twenty-foot-equivalent units (TEU), an increase from 1.6 million TEUs in 2013. The busiest U.S. port, Los Angeles, processed 9.9 million TEUs last year.

And while the logjam issues at West Coast ports have mostly resolved, other issues such as potential labor strikes have made some nervous. The Pacific Maritime Association and the International Longshore and Warehouse Union finally struck a tentative deal on June 15 after two weeks of worker slowdowns and stoppages that impaired port productivity up and down the West Coast.

These labor issues, along with shifts in where imports originate, have ports such as Charleston positioning themselves as a more viable alternative to West Coast competitors.

"Beyond the near-term labor challenges, this isn't new. Even on a good day, it's challenging to do business on the West Coast," said Byron Miller, chief commercial officer, South Carolina Ports Authority. "And Southeast Asia production has grown, which favors Southeast United States ports."

The South Carolina Ports Authority has an owner-operator model, which Miller said allows them to run more efficiently. The bulk of its workers are non-union, making labor disputes less of an issue.

"Compensation is based on productivity—the more they move, the more they get paid," said Travis Frank, commercial sales, South Carolina Ports Authority

To compete with not only the West Coast but also other Southeast ports such as Savannah, Norfolk, Jacksonville and Wilmington in North Carolina, Miller said the Port Authority has made significant investments in upgrades. The Port of Charleston has seen more than $3 billion of capital investment over the past 15 years.

"It's a wholistic approach to our growth, whether it's expanding existing facilities, building new facilities or deepening the harbor," he said.

The Ports Authority recently completed a dredging project on Charleston's harbor that deepened the port by 52 feet, making it the deepest on the East Coast until Norfolk completes its inner channel dredging, which is scheduled to begin next year. And the Charleston Port took the dredging project as an opportunity to improve the area's natural environment, as well.

"We took the dredged material and used it to plant native plants to create new wetlands," Frank said.

The Ports Authority also recently rolled out a new 10,000-unit chassis fleet after the pandemic heightened the need for chassis availability.

"We invested $210 million in the new chassis fleet," Miller said. "Now that pool is modern, fully GPS-tracked and properly sized for the needs of the market."

The port's market expanded significantly in 2022 with the opening of facilities by two of the nation's largest retailers. Walmart opened a 3-million-square-foot distribution center in nearby Ridgeville, which processes product for 850 Walmart and Sam's Club locations across the Southeast.

Target also opened a distribution facility in the area last year, launching a portable cross-dock hub built on a future expansion site at the North Charleston terminal. The facility was set up in partnership with Dockzilla, a Minnesota-based company that builds portable loading systems and warehouses.

"We're seeing growth in retail successes, companies wanting to build that in the Southeast," Miller said.

South Carolina's seaside ports connect with two inland ports, one in Greer along the I-85 corridor and the other in Dillon, along the I-95 corridor. The facilities are served via daily and overnight rail and offer gates that operate 24 hours a day, seven days a week, with 12-minute truck turns.

Miller said Greer is positioned to be an alternative to Atlanta and Charlotte inland ports, which also sit along the I-85 corridor. The facility has handled more than a million containers over the past decade, serving brands such as Adidas, Dollar General and BMW.

The South Carolina Ports Authority also runs a smaller operation at the Port of Georgetown, about 60 miles north of Charleston. The Georgetown Port serves as the state's dedicated breakbulk and bulk cargo port.

Along with inland support, South Carolina offers monetary incentives to draw business to the Port of Charleston. A South Carolina Ports tax credit gives businesses up to $100 per TEU for new business each year, along with reductions in employee withholding or state income taxes.

In April, the Port of Charleston reported an 11 percent increase in volume month-over-month, moving 214,101 TEUs and 119,572 pier containers. And as companies look for alternatives to the West Coast or simply want to tap into the ever-growing Southeast United States regional market, Charleston and the South Carolina Ports Authority are ready to step in to meet their needs.

"We see that there are a lot of advantages in the Southeast, and in Charleston we have immediate container availability," Miller said. "As companies continue to invest and grow their businesses in South Carolina, we're prepared to grow with them."

Source: sourcingjournal.com – June 15, 2023

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Fed Puts Short-term Rate Increases on Pause

Investors had mixed reactions to the Federal Open Market Committee's (FOMC) decision on Wednesday to pause interest rate hikes.

While the pause was welcome news, what didn't sit well was the FOMC signaling the need for possibly two more increases later this year to bring short-term rates to 5.6 percent from the current range of 5-5.25 percent.

Stocks initially slid in trading as investors reacted to the possibility of more rate hikes down the road to tame inflation. The news that short-term rates would remain where they are left some retail and fashion stocks in the red, although some saw some gains.

Among the biggest losers were Stitch Fix Inc., falling 12.1 percent to $4.20; Qurate Retail Inc., down 9.2 percent to $0.88; Chico's FAS, Inc., down 5.6 percent to $5.22, and Farfetch Ltd., down nearly 5 percent to $5.75. Department store retailer Dillard's Inc. fell 3.1 percent to $337.15, while Nordstrom Inc. fell 2.4 percent to $19.39 and Macy's Inc. was down 2 percent to $15.87.

Among the gainers were Nike Inc., up 5.7 percent to $112.91; Target Corp., up 3.5 percent to $133.23; Deckers Outdoor Corp., up 3.3 percent to $506.81; Lululemon Athletica Inc., up 2.4 percent to $377.21; Wolverine World Wide Inc., up 1.8 percent to $14.80, and Abercrombie & Fitch Co., up 1.7 percent to $35.59.

Federal Reserve chairman Jerome Powell said in his press conference Wednesday that the Fed was making progress in its inflation fight. He noted that the conditions needed to get inflation down "are coming into place."

"My colleagues and I remain squarely focused on our dual mandate to promote maximum employment and stable prices for the American people. We understand the hardship that high inflation is causing, and we remain strongly committed to bringing inflation back down to our 2 percent goal," Powell said.

He said the "full effects of our tightening have yet to be felt," noting the lag between monetary policy and its impact on the economy as the reason for the pause. He added that FOMC members believe that "some further rate increases" will be needed to bring inflation down to 2 percent. Powell said there are signs that the "very tight" labor market could ease up as supply and demand are "coming into better balance." A pause now would give the FOMC time to assess additional information and its implications for monetary policy, he said.

While short-term rates are projected to reach 5.6 percent at the end of the year, Powell also said rates could fall to 4.6 percent at the end of 2024 and to 3.4 percent at the end of 2025.

Jay H. Bryson, chief economist at Wells Fargo, wrote in a research note Wednesday that while inflation doesn't need to be at precisely 2 percent for the FOMC to ease policy, the Committee "does need to see evidence that it is heading back toward 2 percent on a sustained basis." Bryson added that his team doesn't believe "evidence will be forthcoming this year."

There are already concerns in retail that consumers could be changing course again, according to a study from Jefferies. And because 72 percent of respondents said they were concerned about their financial position, the study suggested that apparel, footwear and home furnishings could be in for a rocky ride if people stop spending in these categories.

Source: sourcingjournal.com – June 15, 2023

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Vietnam's textile & garment exports fall 15.6 per cent in Jan-Apr 2023

Vietnam's textile and garment exports noticed a decline of 15.6 per cent, reaching $12.659 billion, during the period of January to May 2023, as per preliminary data from the customs IT and statistics department of the general department of customs under Vietnam's ministry of finance. In April 2023, exports increased by 14.8 per cent to $2.916 billion compared to the previous month.

During January to May 2023, Vietnam's yarn exports decreased by 28.8 per cent to $1,688.272 million in comparison to the same period of the previous year. In terms of volume, Vietnam exported 678,293 tons of yarn, representing a 6.1 per cent decline compared to the exports during the same period last year. In May 2023, yarn exports gained 9.5 per cent to $390.772 million, and the quantity of yarn exports increased by 11.2 per cent to 160,310 tons during the review period.

The US accounted for a significant share of 43.43 per cent in Vietnam's textile and garment exports, amounting to $5.498 billion during the first five months of this year. Japan and South Korea were also major destinations, with exports of $1,424.421 million and $1,142.355 million, respectively.

In terms of yarn exports, China alone received 48.93 per cent of Vietnam's exports, totalling $826.648 million. India was also a major market for Vietnamese yarn exports, with shipments amounting to $34.382 million during the first five months of 2023.

In 2022, Vietnam's textile and garment exports grew by 14.7 per cent year-on-year, reaching $37.5 billion, falling short of the target of $43 billion. In 2021, Vietnam's textile and garment exports amounted to $32.750 billion, a growth of 9.9 per cent compared to the previous year's exports of $29.809 billion. Yarn exports in 2022 increased by 50.1 per cent to $5.609 billion from $3.736 billion in 2020.

According to the Vietnam Textile and Apparel Association (VITAS), in the case of a positive market scenario, Vietnam has set an export target of $48 billion for textiles, garments, and yarn in 2023.

Source: fibre2fashion.com – June 15, 2023

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The Role of SMEs in Textile Trade

Small and medium enterprises (SMEs) play a significant role in the global textile trade, contributing to the industry's growth and sustainability. While large multinational corporations dominate the market, SMEs are also key players, especially in the production of niche and specialised textile products, including the eco-friendlier ones.

The textiles industry is one of the largest industries on the planet. It is also one of the oldest, as people have long been using private businesses and corporations to design and manufacture clothing that are worn on a daily basis.

Through hundreds of years of technological innovations, the textile industry has only adapted and grown. Where it may have taken a seamstress a few days to create a gown a few hundred years ago, it can now be done in less than an hour and can also be mass produced.
Texpro

The Continual Adaptation of Textile Industry

The textile industry has undergone some of the most dramatic changes over the last century, and that has continued over the last 25 years. Globalisation has played a significant role in the dramatic transformation of this industry, as designers and manufacturers have found that there are far better options to produce clothing in so-called 'developing nations' than there are in Europe and North America.

As a result, globalisation led to companies shifting their production overseas, creating a point where most of the textile trade and design is now done in other 'developing' countries.

The trend to shift production to other countries began in the 1970s, seeing a rise of manufacturing jobs primarily in Southeast Asia, often at the expense of European and North American countries. For example, the number of workers in the textile and clothing industry in Malaysia increased 597 per cent from 1970 to 1990, while the strength grew 416 per cent in Bangladesh during the same period, and Sri Lanka and Indonesia both saw increases of over 300 per cent. China currently has 5.3 million workers in the textile industry, an increase of nearly 2 million in just the last 30 years.

European nations have suffered the most as a result. The United Kingdom has seen a 55 per cent decline in textile workers while Germany has seen a 58 per cent decrease. Finland has lost 73 per cent of its jobs in this industry and Sweden and Norway have both lost 65 per cent. Thus, globalisation has dramatically changed the landscape of textile industry.

This migration of the industry has led to the rise of the small and medium-sized enterprises (SMEs). According to the United Nations, SMEs have been a primary source of employment and revenue for many developing nations and have been growing rapidly across multiple industries in general, accounting for 90 per cent of all businesses and 60-70 per cent of all employment.

These SMEs grew rapidly coming out of the COVID-19 pandemic as people returned to pre-pandemic levels of income and businesses were looking for an increasing number of employees. This helped to spur greater development of these SMEs, and the textile industry has been one of the those that has benefitted greatly.

The number of SMEs has grown from 204.4 million in 2000 t0 333 million in 2021. That is a rise of nearly 55 per cent in 20 years, and that number is expected to reach near 350 million by the end of 2023.

What is even more impressive about this number is that the average company is not expected to survive beyond three or four years in today's market.

Back in the 1970s, a SME was expected to last as long as 35 years on average, but that number has dropped to just a few years in today's market. It is a cutthroat economy, but many more entrepreneurs are seeing value in starting their own small enterprise or expanding to a medium-sized enterprise.

What Is Driving this in the Textile Industry

The textile industry is riding the coattails of this trend. A large number of SMEs have entered the industry over the last 50 years, especially within the last 25, and many industry analysts have determined key factors that have played a role in the rise of SMEs within this industry.

Filling A Niche

For countries where textile companies and employees were lost, there became a growing need to adapt. There was still room for the textile industry in countries like Germany, France, the United States, and other Western nations. However, large manufacturing plants were not going to be the standard any longer. Most of these had moved to Southeast Asia, Africa, and South America.

However, when one has a multibillion-dollar industry, there are going to be business owners and entrepreneurs looking to capitalise on the revenue that is available. This is where SMEs filled the void.

For Western nations, small designers and retail shops became the standard. This is especially true with changes in technology and climate awareness. Consumers were not going to find mass-produced jeans, polo shirts, and dresses created in countries like France, the United Kingdom, or United States. Instead, what they could find would be more handcrafted, tailor-made garments.

SMEs became a place where consumers could find custom items made or where small numbers of a certain item were produced. There was no longer the company which had 5,000 employees. Instead, it was the 10-100 employee sized company that has now dominated within these Western nations.

They Adapt as Well

The rise of SMEs is not unique to Western European and North American nations, however. With large textile companies moving to developing nations, small and medium-sized enterprises have found a niche as well.

This is occurring for several reasons, starting with the fact that there is a large supply of skilled labour who were able to perform tasks related to textile and garment production. Large companies may opt to find cheaper labour, opting to lay off more experienced workers who cost more to employ. These become ideal employees for smaller sized organisations that want to provide better, handcrafted items for customers.

The rise of tourism has also helped in this endeavour. With many finding Cambodia, Vietnam, Thailand, the Philippines, Kenya, South Africa, Colombia, Venezuela, Panama, and similar nations to be a great vacation destination, they are also looking to find items that are unique to the country. There is no need to buy a dress shirt made from a large manufacturer if they can buy that at their tourist spot. Instead, they want the more authentic, handcrafted garments that are produced by the small and medium enterprises.

The SMEs are able to reduce costs by taking left over pieces of fabric or defective garments and turning them into a garment that could be sold at a local shop or market. Both residents of the country and tourists see value in these garments, and it has become a booming industry.

Large Companies Depend Upon SMEs

An interesting dynamic is that large fashion brands have come to depend upon SMEs, so they are able to fulfil their own clothing orders. Often these large brands turned to garment manufacturing companies in Asia, who were often small to medium scale enterprises. In this way, the large enterprises have become dependent upon small and medium-size businesses to provide them with the garments to be able to fulfil orders.

This becomes a win-win for both large and smaller sized enterprises. The large fashion companies are able to reach out to SMEs to supply them with the apparel based upon a “make to order” basis. They can then pass on the items to retail chains.

The Socially Conscious Customer

In recent years, one of the biggest factors in changing the international textile industry has been the rise in socially conscious customers. They are those customers who are looking to save the planet or take measures that are eco-friendly. As a result, there is an increasingly demanding need for unique garments to be created.

SMEs are filling this void. Companies are creating garments that are vegan or which use recycled materials to produce. Customers want to ensure that the carbon footprint and the impact on the planet is reduced, and these companies are able to provide that, something that becomes difficult for large manufacturing firms as they produce in mass quantity.

The shift to eco-friendly production would require a massive overhaul of the large textile industry, but small and medium enterprises are able to fill that gap now. Because there are not large machines pumping out hundreds of shirts or pants per hour that need to be replaced, they can provide what customers are looking for.

This is likely only going to increase the number of SMEs within the textile industry over the next 5-10 years. More customers are concerned about their individual impact on the planet and want to purchase from companies that are as socially conscious as they are. The large manufacturers simply cannot tout that type of commitment, and this is why SMEs are going to keep growing.

The role of SMEs is fascinating, and it will be interesting to see how this industry will change in the upcoming years.

Source: fibre2fashion.com – June 15, 2023

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Pakistan: Steps to be taken to revitalise textile industry, says minister

Caretaker Minister for Industry, Commerce and Energy SM Tanveer said that effective measures would be taken to revitalise the textile industry and boost citrus fruit export. He suggested the introduction of new varieties to enhance citrus fruit production.

The minister was chairing a meeting at the new minister block here at the Civil Secretariat to discuss the promotion of agricultural research, increasing kinnow production, and revitalising the textile industry in the province. The meeting was attended by the secretary agriculture, University of Agriculture Faisalabad Vice-Chancellor Rana Iqrar Ahmad Khan, Agricultural University Multan Vice-Chancellor, officials from the agriculture department, and exporters based in Karachi.

Addressing the participants, SM Tanveer emphasised the need for practical measures to improve the quality of agricultural research. He stressed the important role of agricultural universities in promoting research in the field. He also announced establishing a Pakistan-China Research Technology Park in Faisalabad, with the planning for the park, developed in collaboration with China, already finalised.

Exporters highlighted the lack of attention given by past governments to the development of the agriculture sector and agricultural research. They emphasised the importance of improving the quality of agricultural research to meet the increasing food demands. To address these issues, the minister formed a committee under UAF VC Iqrar A Khan tasked with compiling recommendations for the revitalisation of the citrus industry, increasing fruits production, and promoting agricultural research.

Skill Boot Camp opens

The Secretary Industries and Commerce, Ehsan Bhutta inaugurated the Skill Boot Camp 2023 at the Government Vocational institute Gujjarpura, Lahore. Tevta GM Operations, Regional Director and principal also participated the ceremony. The Boot Camp offers training programmes in areas, including beautician, graphic arts, digital marketing, hospitality (cooking) and knitting. Matriculation and Intermediate students awaiting results are eager to learn new skills and accordingly exhibiting great interest in these programmes.

The secretary, during the inaugural ceremony, appreciated the efforts of Tevta, institute's administration and teachers, for their efforts viz-a-viz imparting contemporary skills to the youth.

The secretary said that freelancing and entrepreneurship were the cornerstones of 21st century business landscape and accordingly students should learn and understand contemporary knowledge.

Source: thenews.com.pk– June 16, 2023

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NATIONAL NEWS

Bilateral trade of India with Africa grew by 9.26% in FY 2022-23 reaching almost $100 Billion: Shri Piyush Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said that India and Africa are natural partners with historical and cultural ties. While delivering the Keynote Address at the 18th CII-EXIM Bank Conclave on 'India-Africa Growth Partnership' in New Delhi today, the Minister recounted that Mahatma Gandhi first practised principles of Satya and Ahimsa in South Africa and Mr. Nelson Mandela took forward this invaluable legacy.

The Minister mentioned his recent interaction with 15 Ambassadors from the African region which was a step towards strengthening this relationship. He said that the bilateral trade of India with Africa grew by 9.26% in FY 2022-23 reaching almost $100 Billion.

Shri Goyal said that the exports and imports were approximately balanced with exports being US$ 51.2 Billion and imports being US$ 46.65 Billion in FY 2022-23. He expressed confidence in achieving the goal of doubling the trade volume to US$ 200 Billion by 2030. The Minister said that the young aspirational population can help achieve this goal.

Shri Piyush Goyal said that 27 Least Developed Countries (LDCs) of Africa benefit from the Duty-Free Tariff Preference on non-reciprocal basis already and Free Trade Agreements (FTAs) and Comprehensive Economic Partnership Agreement (CEPA) can be explored with other African countries as well.

The Minister stated that the spirit articulated by the Prime Minister Shri Narendra Modi over the last 9 years of developing together as equal partners guides the India-Africa relationship. Shri Goyal said that this spirit has solidified the foundation of this partnership and established brotherhood. He quoted the Prime Minister and said that “Africa will be at the top of our priorities. We will continue to intensify and deepen our engagement with Africa. As we have shown, it will be sustained and regular".

Shri Piyush Goyal said that the India-Africa relationship has the potential to help fulfil dreams and aspirations of around 1/3rd of the world's population. He said that both India and Africa are blessed with demographic dividend and with skill development and education of youth, this partnership can drive the global progress in this century.

The Minister highlighted how India can be the voice of the Global South and take the voice of the Global South at multilateral forums. Shri Goyal stressed upon creation of a powerful voice of the Global South to influence the geopolitics of the world ensuring equitable and inclusive growth.

Shri Piyush Goyal mentioned that India is a friend in need and friend in deed for Africa. He said that during COVID-19 pandemic, India provided support for her African brothers and sisters in the form of medicines, vaccines and other equipment in the spirit of Vasudhaiva Kutumbakam.

Shri Goyal stressed upon collaboration between India and Africa in the field of renewable energy to make the dream of "One World, One Grid" come true. He said that India and Africa are uniquely poised to become the leaders in production of renewable energy especially solar energy with interconnected grids through overland and underwater transmission lines. The Minister said that this potential of affordable energy for all throughout the day must be leveraged effectively and praised the participation of more than 20 African countries in the International Solar Alliance (ISA).

The Minister said that India strongly believes that Africa's rise globally is an absolute necessity in present times and is working together in a fast-track manner to achieve this ambition.

He said that India's Startup Revolution and Digital Public Infrastrcuture like Unified Payment Interface (UPI), CoWIN, One Nation One Ration Card (ONORC), Open Network for Digital Commerce (ONDC) have been helpful in enhancing Ease of Doing Business and ease of living and can be replicated successfully for the benefit of Africa.

Shri Goyal also suggested exploring further cooperation in the field of logistics like roadways, railways and ports and a diverse, robust and resilient supply chain between Africa and India.

Shri Goyal said that both India and Africa shared the values of Equality and Liberty. He said that the seed of the Conclave was sown in 2005 which has since blossomed and strengthened the relations between India and Africa.

The Minister noted the vital role played by the Conclave in bringing together business leaders and policymakers from India and Africa at one platform for further enhancing the partnership.

Source: pib.gov.in– June 15, 2023

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Union Commerce and Industry Minister Shri Piyush Goyal chairs meeting on PM GatiShakti with DPIIT and Eight Ministries

Union Minister of Commerce and Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal said that PM GatiShakti must be effectively leveraged using the Area Development Approach to extend benefits to the nation beyond the infrastructure sector. Shri Goyal chaired a meeting to review the progress of PM GatiShakti with DPIIT and eight concerned ministries in New Delhi last evening. The Minister emphasized upon the participating Ministries/Departments to harness the full potential of the integrated platform to further accelerate India's infrastructure and economic growth.

Shri Goyal said that the Agriculture sector can be supported by setting up common facilities on agricultural lands by cooperatives and start-ups using the integrated framework of PM GatiShakti and data from the National Master Plan (NMP). The Minister highlighted that the Area Development Approach under PM GatiShakti can be used for engaging with aspirational districts of NITI Aayog.

Besides senior officials from the Department for Promotion of Industry and Internal Trade (DPIIT), the meeting saw representation from M/o Road Transport and Highways, M/o Railways, M/o Ports, Shipping and Waterways, M/o Civil Aviation, M/o Power, M/o Petroleum and Natural Gas, Department of Telecommunication (DoT), M/o New and Renewable Energy, Bhaskaracharya National Institute for Space Applications and Geo-informatics (BISAG-N) and National Industrial Corridor Development Corporation (NICDC).

Special Secretary, DPIIT, Ms. Sumita Dawra presented the progress of PM GatiShakti in terms of improving the data quality of the NMP, standardizing data layers and establishing Quality Improvement Plan (QIP) mechanism for better planning. To encourage usage of NMP for social sector planning, five new Ministries are proposed to be on-boarded on PM GatiShakti, in addition to fourteen social sector Departments/Ministries already onboard, to augment the socioeconomic development in the country.

In addition to improving the domestic logistics ecosystem, DPIIT is progressively working towards improving the EXIM logistics. An EXIM Logistics Group has been formed with other concerned Departments/Ministries. An action plan for improving the country's performance on each of the Logistics Performance Index (LPI) parameters of the World Bank report will be formulated and executed soon.

Efforts are also being made to ensure end-to-end multi-modal tracking of cargo by integrating Unified Logistics Interface Platform (ULIP) with GSTN data. In order to impart wider understanding and adoption, capacity building of officials at States level is also planned through training modules on PM GatiShakti at Central Training Institutes.

Considering Infrastructure as a growth engine and need for a ‘whole of government’ approach for Infrastructure development, the PM GatiShakti National Master Plan (NMP) was launched in October 2021.

Source: pib.gov.in– June 15, 2023

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May trade deficit widens to 5-month high of $22 billion

India's goods exports fell for the fourth straight month by 10.3 per cent (year-on-year) in May 2023 to $34.98 billion, pulled down by key sectors such as petroleum products, gems & jewellery, engineering items, chemicals and readymade garments, as slowdown in the developed world continued to impact demand.

Trade deficit touched a five-month high during May 2023 at $ $22.12 billion, per quick estimates released by the Commerce & Industry Ministry on Thursday. Imports during the month declined 6.58 per cent to $57.10 billion with fall in inflow of petroleum, coal, pearls, precious & semi-precious stones, gold, transport equipment and chemicals.

Global headwinds

Commerce Secretary Sunil Barthwal attributed the decline in exports mostly to headwinds that continued on the global trade front as there was recession and slowdown in many countries.

"But we are banking on WTO's prediction which has revised its global trade forecast (for 2023) to 1.7 per cent, up from the previous estimate of 1 per cent," Barthwal said. The Commerce Department is optimistic of a demand revival July-August 2023 onwards, .

Some exporters, too, echoed the hope that things may improve from July. "Exports will start showing better growth numbers starting July, 2023. "We hope that exports will start showing better growth numbers starting July, 2023, as things are expected to improve from Q3 of the calendar year, with fresh orders or order bookings for festival and new year season beginning to come," said FIEO President A Sakthivel.

Trade strategy

Barthwal announced that the Department of Commerce and the Department for Promotion of Investments and Internal Trade (DPIIT) had worked out a trade strategy to deal with the slowdown in the developed world, which was India's major importer.

"We have identified 40 countries with 85 per cent share of India's exports. We will have much more focussed approach to increase exports in these countries," Barthwal said at a press briefing on Thursday.

Invest India, the government's investment facilitation agency, and various missions abroad, along with territorial divisions of both DoC and DPIIT will be used to implement the strategy, he said.

The government was also bringing out an export strategy based on growth rates in other countries plus trade forecast made by the WTO, the Commerce Secretary said. "The focus will be on the twin strategy of import substitution and export promotion," he said.

In May 2023, exports posted an increase in 13 of the 30 key sectors including electronic goods (73.96 per cent), other cereals (67.96 per cent), oil meals (52.91 per cent), spices (49.84 per cent), iron ore (48.26 per cent), and oil seeds.

"Effect of duty withdrawal on iron ore is visible on India's exports of the item," the Commerce Department pointed out.
Trade gap

Exports during April-May 2023 posted a 11.41 per cent fall to $69.72 billion, while imports declined 10.24 per cent to $107 billion. Trade deficit during April-May 2023, at $37.26 billion, was 7.95 per cent lower than trade deficit during April-May 2022.

India's top five export markets in April-May 2023 sequentially were the US, the UAE, the Netherlands, China and the UK. Its top import sources were China, Russia, the US, the UAE and Saudi Arabia.

Source: thehindubusinessline.com– June 15, 2023

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Rupee-kyat trade arrangement may give India an edge in textile trade

Recently, Myanmar's commerce minister U Aung Naing Oo expressed hope that a rupee-kyat trade arrangement between India and his country will be in place by the end of June. Currently, Myanmar is heavily dependent on China for textile imports.

The rupee-kyat trade could make India a more favourable source for textile products, similar to China. An existing arrangement between Myanmar and China for yuan-kyat trade has been implemented to reduce dependence on the US dollar.

The minister from Myanmar hopes that the trade volume between the two countries will double once the arrangement is worked out, as Myanmar has been hit by US sanctions and is unable to earn sufficient foreign exchange to import goods from its trade partners.

The country has already arranged trade in Yuan-Kyat with China. Importers have been instructed to pay solely in yuan if they are importing goods from China. Myanmar's goal is to conserve US dollars and lessen its reliance on the global currency. For the same purpose, it is working towards initiating trade with India in rupees.

Myanmar imports fabric, yarn, and cotton from China and India. However, it is primarily dependent on India for cotton. China is a key source for Myanmar's yarn and fabric imports. The country also produces raw materials domestically.

According to Fibre2Fashion’s market insight tool TexPro, Myanmar imported fabric worth $875.872 million in the first four months of this year, with China supplying around 90 per cent. India supplied less than one per cent of the fabric. Myanmar's fabric exports were $3.9 million from January to April 2023, with India supplying around 20 per cent.

China and India were the two top nations for yarn import by Myanmar, although its total yarn import was relatively small, amounting to $58.437 million from January to April 2023. China supplied more than 75 per cent of the yarn to the nation.

As per TexPro, Myanmar imported apparel worth $116.782 million in the first four months of 2023. It imported more than 80 per cent of its garments from China. India was the fourth largest source for Myanmar, with a share of less than two per cent.

In terms of garment exports from Myanmar, Japan was the top market, with around 30 per cent share from January to April 2023, when its total shipment value was $1,541.316 million.

Source: fibre2fashion.com – June 16, 2023

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Textiles coming from China into India will have to test for the presence of Azo dyes

India has taken China off the list of nations whose textiles entering the country are free from azo dye testing – Azo dyes are mainly used in sectors like textile, fibre and leather. The list was amended by the Directorate General of Foreign Trade (DGFT), adding the UK, Canada, Australia, South Korea, and Japan while removing China.

"The list of countries exempted from testing for the presence of azo dyes in textiles and textiles articles is updated," DGFT said in a public notice.

India imported textiles and its products worth US $ 925 million in FY '23, and apparel worth US $ 240 million from China.

"Azo dyes are known to be hazardous to health and it's a good move on health grounds. However, this is a non-tariff barrier which will add to the importers' cost and lead to delays," said an industry representative.

According to the representative, Beijing would likely push its cloth and products through Australia and other members of the Regional Comprehensive Economic Partnership (RCEP), who are excluded from testing, as well as other FTA partners like Japan and South Korea.

Source: apparelresources.com – June 15, 2023

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GST intelligence officers unearth 461 fake entities involved in ₹863 crore ITC fraud

The GST Intelligence officers have unearthed a racket involving 461 shell/fake entities, which had passed on fraudulent input tax credit of ₹863 crore.

According to the Finance Ministry, the Gurugram Zonal Unit of the Directorate General of GST Intelligence busted the racket, which passed on fraudulent Input Tax Credit (ITC) through fake shell entities following a search operation.

"A huge number of forged/ morphed/ fake soft copies of documents like rent agreements, electricity bills, Aadhar cards, driving licenses, PAN cards, etc. were detected in the laptops resumed from this secret office, which were used to create and operate their fake entities.

"The forensic examination of the laptops, devices seized from this office led to the eventual detection of ITC fraud to the tune of ₹863 crore, involving fake 461 entities and arrest of two key operatives," the ministry said on Thursday.

The initial investigation indicates that the fraudulent ITC credit has eventually travelled to the high evasion-prone metal/iron and steel sector, it added.

Source: thehindubusinessline.com – June 16, 2023

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India seeks carve out for MSMEs from European Union's carbon tax

India has sought exemption for its small businesses from the European Union's (EU's) carbon border adjustment mechanism (CBAM), also known as carbon border tax.

The matter was discussed at the Trade and Technology Council (TTC) meeting in Brussels last month, Commerce Secretary Sunil Barthwal said on Thursday.

"I told them that this is going to have an impact on our industry, particularly MSMEs. So, we are asking if there is a possibility of any carve out for the MSME sector. We have asked them if there is any possibility (for this)...These discussions are going on," Barthwal told reporters during the trade data briefing.

Aluminium and steel exports of India are likely to get impacted by the CBAM. There will be no impact on the other sectors such as cement, fertiliser, hydrogen, and electricity since India does not export these products to the EU.

The CBAM's transition-phase will kick in from October, followed by levying of carbon tax from January 2026.

Additional Commerce Secretary Rajesh Agarwal, who was also present at the briefing, said the broader trade agreement between India and Australia might include 15 new areas such as competition policy, MSME, gender, innovation, agri-tech, critical minerals, and sports and are currently under exploratory discussions.

The interim trade deal between both nations was signed in April last year and kicked in from December 2022.

The third round of trade negotiations is underway in virtual mode and the fourth round is scheduled in July 2023.

Source: business-standard.com – June 16, 2023

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Cotton yarn demand further weakens in north India, prices decrease

The cotton yarn trade in north India continues to witness a bearish trend as demand from both domestic and global markets remains stagnant. Market sentiments have been further affected by Cyclone Biparjoy, which brought normal life and production activities in the western states to a standstill. Traders anticipate that the fear incited by the cyclone will soon dissipate, but any improvement in the yarn market will depend on purchases from downstream industries.

The Ludhiana market has seen a decline in cotton yarn prices due to lower demand. Buying has further decreased as traders exercise caution with new purchases. A trader from the Ludhiana market told Fibre2Fashion, "Cotton yarn prices have dropped by ₹3 per kg. Mills and sellers are under pressure to offer lower prices as buyers have become more cautious. The cyclone in Gujarat has also disrupted market sentiments."

The Ludhiana market reported a decrease of ₹3 per kg compared to previous rates. The 30-count cotton combed yarn sold for ₹262-272 per kg (GST inclusive), while 20 and 25 count combed yarn traded at ₹252-257 per kg and ₹257-262 per kg respectively. The 30-count carded yarn was priced at ₹242-252 per kg, according to Fibre2Fashion's market insight tool TexPro.

However, the Delhi market reported stable cotton yarn prices. The demand for cotton yarn from exporters and the domestic industry remained weak. A Delhi market trader told F2F, "The market lacks support from the export market and domestic consumer industry. Buyers are uncertain about the sale of their finished products." The 30-count combed yarn traded for ₹265-270 per kg (GST extra), the 40-count combed for ₹290-295 per kg, the 30-count carded for ₹237-242 per kg, and the 40-count carded for ₹267-270 per kg, as per TexPro.

The recycled yarn market in Panipat also remained quiet. Most counts and varieties of recycled yarn were traded at their previous prices. Traders noted that yarn prices are at rock-bottom levels, leaving little room for spinners to further reduce prices. Mills remained pessimistic about demand increasing, even if prices were to drop further.

In Panipat, the 10s recycled PC yarn (grey) traded at ₹80-85 per kg (GST extra). Other varieties and counts included the 10s recycled PC yarn (black) at ₹50-55 per kg, the 20s recycled PC yarn (grey) at ₹95-100 per kg, and the 30s recycled PC yarn (grey) at ₹140-145 per kg. Comber prices hovered around ₹130-132 per kg. The price of recycled polyester fibre (PET bottle fibre) was ₹68-70 per kg.

North Indian cotton prices further declined as buyers showed no interest in fresh purchases. The market sentiment remained bearish due to weak buying from the garment industry. Traders reported limited arrivals, but spinning mills were uninterested in new purchases. Weak sentiment from ICE cotton and domestic cotton futures led to a downfall in spot cotton prices.

Today, the cotton arrival was 1,350-1,400 bales of 170 kg throughout north India. The natural fibre was traded at ₹5,775-5,875 per maund in Punjab, ₹5,725-5,825 per maund in Haryana, and ₹6,050-6,150 per maund of 37.2 kg in upper Rajasthan. It sold for ₹55,500-57,000 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com – June 15, 2023

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