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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Reducing emissions top priority in US transportation sector: Survey

Ninety-four per cent of US transportation leaders agree consumer demand for more sustainable products makes reducing emissions a more critical priority in the next 12 months, according to a survey by Breakthrough, a division of U.S. Venture, Inc.

The 2023 State of Transportation study surveyed 500 US transportation leaders, including carriers and shippers.

Ninety-nine per cent of shippers agree they would take advantage of electric or alternative energy vehicles if carriers in their networks offered them—and 79 per cent strongly agree.

Transportation leaders feel pressure from all sides to improve freight sustainability. Nearly all (94 per cent) agree consumer demand for more sustainable products makes reducing emissions a bigger priority in the next 12 months. And business leaders seem to recognize consumers' desire for increased sustainability.

Internally, direction to prioritise emissions reduction comes from the top, with 42 per cent of transportation professionals saying pressure to improve transportation sustainability most often comes from the C-suite. But making headway on emissions reduction goals appears daunting in the current economic climate, the study found.

Three in five transportation leaders (61 per cent) believe ongoing macroeconomic forces will make it nearly impossible to meet emissions reduction goals over the next 12 months.

An additional 33 per cent believe it will be somewhat difficult, with only 4 per cent believing current economic conditions will have no impact on their company's ability to meet emissions reduction goals, it said.

Breakthrough empowers shippers with data, technology and market knowledge to reduce cost, create fair partnerships and improve transportation network efficiency and sustainability.

Macroeconomic trends like inflation, economic growth rate, employment growth rate, government policies and regulations, trade, and industrial production continue to cause headaches for transportation leaders this year, the survey found.

Of the top challenges for the next 12 months, volatile diesel fuel prices ranks highest on transportation leaders' list of concerns. With cost pressures mounting on all sides due to inflation, it is understandable transportation leaders are eager for relief, the company said in a release.

Unfortunately, they won't find it in linehaul rates. Nearly two-thirds (63 per cent) expect linehaul rates to remain higher than average over the next 12 months, a product of increased labour and equipment costs.

Capacity, however, will be easier to procure for transportation leaders this year. The capacity constraints of the past few years have eased, and may ease further, with 59 per cent of transportation leaders predicting that freight capacity will be more available over the next 12 months.

It's a trend that will enable decision-makers to reprioritize strategic planning because the current range of available options offers space to make adjustments to their networks, the company noted.

Top challenges affecting transportation networks over the next 12 months are volatile diesel fuel prices (51 per cent), limited freight capacity (37 per cent) and driver shortages (36 per cent).

With capacity loosening, now is a good time for transportation teams to reevaluate their partnerships and ensure they are investing in strategic relationships.

Another positive trend is that transportation leaders feel prepared to address market uncertainty. Nearly all agree their teams have the right tools (97 per cent), partnerships (96 per cent) and staff (92 per cent) to effectively navigate transportation challenges in 2023.

However, there may still be opportunities to fine-tune operations in these areas, with roughly a third saying they 'somewhat agree' versus three-fifths saying they 'strongly agree' in each category.

In particular, new tools and partnerships may help transportation teams achieve their goals and overcome challenges over the next 12 months.

More than half of transportation leaders agree a more cost-effective fuel reimbursement strategy and more visibility into their networks would be most beneficial—two areas where transportation data and technology partners can provide support, the study added.

Source: fibre2fashion.com – June 30, 2023

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Textile-apparel sector more vulnerable to environmental shifts: Primer

As nature is declining at an unprecedented rate, posing a direct threat to all human society and economic activity, business failure to act in the face of this crisis will risk operational longevity, with the fashion, textile and apparel industry particularly vulnerable, according to a document drafted by experts from London-based sustainability consultancy Little Blue Research and the University of Cambridge Institute for Sustainability Leadership (CISL).

In the next ten years, environmental changes will redefine competitive advantages for all businesses, investors and countries, with access to natural resources completely reshaping these advantages, it says.

A complex, multi-trillion-dollar sector, the fashion, textile and apparel industry both contributes to these impacts and is particularly vulnerable to these shifts, with its supply chains and operations highly dependent on nature, it says.

This dependency will only increase—the apparel industry generates $1.5 trillion a year in revenue now and is expected to grow towards $2 trillion by 2027, it predicts.

Science-based targets for nature offer businesses a way of taking action to ensure their operational resilience while also addressing the wider issues associated with business impacts on nature.

This primer provides an introduction to the recently-launched science-based targets for nature and their application within the fashion, textile and apparel industry.

The document, titled 'Raising the ambition for nature: A fashion, textile and apparel sector primer on the first science-based targets for nature', was prepared with assistance from Science Based Targets Network (SBTN), The Fashion Pact, Conservation International and Textile Exchange. The Global Environment Facility (GEF) offered a grant.

The methods to set science-based targets for nature published by SBTN compliment and build upon science-based targets for climate published by the Science Based Targets initiative (SBTi).

By setting both targets at once, businesses can incorporate both into their strategies, drive cost efficiencies and increase innovations that are win–wins for both nature and climate, the document says.

The industry can start to prepare now for the implementation of science-based targets for nature to ensure credible targets and actions to deliver these are in place, it adds.

As a first step, the document suggests several immediate actions that businesses can take to help address nature loss, no matter where they are on their sustainability journey

These include understanding business' impacts on nature by determining which are most material and where they occur in its operations and across its value chain; understanding the data the business has access to and the gaps; and starting to trace material sourcing back to the regional, farm or site level for one product/unit, initially focusing on the most material impacts.

Businesses may also mobilise change, becoming part of the collaborative actions to address nature loss by joining groups like the Corporate Engagement Programme or Business for Nature, which are putting businesses at the forefront of developments and enabling them to contribute, test, learn and share their experiences with technical experts, the document suggests.

Source: fibre2fashion.com – June 30, 2023

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China's industrial enterprises' profit declines 12.6% in May 2023: NBS

Chinese industrial businesses that generate an annual primary business income of at least 20 million yuan (equivalent to approximately $2.77 million) witnessed their collective profits register at 635.81 billion yuan in May 2023, a 12.6 per cent fall from the previous year. However, this decline was lesser than the 18.2 per cent slump observed in April, according to the latest data by China's National Bureau of Statistics (NBS) on Wednesday.

The manufacturing sector, in particular, saw a notable improvement in May due to a series of supportive policies introduced by the government. The rate of profit decline in this sector was 7.4 percentage points less than that of April, showcasing signs of a potential turnaround.

In a broader context, the profits of Chinese industrial firms suffered a year-on-year dip of 18.8 per cent during the first five months of the year. However, this is a 1.8 percentage point improvement compared to the decrease observed from January to April. The total revenue for these firms displayed a marginal increase of 0.1 per cent.

Source: fibre2fashion.com – June 29, 2023

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Turkiye's apparel exports dip 1.12% YoY, but May 2023 shows 27% growth

Turkiye's apparel exports experienced a decline of 1.12 per cent year-on-year (YoY) in the period from January to May 2023, which brought the total exports to $7.921 billion, compared to $8.011 billion during the same period in 2022, according to the Turkish Statistical Institute and the country's ministry of trade. However, in May 2023, exports witnessed a substantial growth of 27.63 per cent, totalling $1,575.274 million.

The export of knitted and crocheted clothing and accessories (HS chapter 61) accounted for $4.257 billion during January-May 2023, which is a decrease of 3.8 per cent from the $4.424 billion in the same period the previous year. On the other hand, non-knitted apparel, and accessories (HS chapter 62) were valued at $3.664 billion, showing an increase of 2.1 per cent compared to the $3.587 billion in exports during January-May 2022.

In May 2023, the latest month for which data is available, Turkiye's total exports of both knitted and non-knitted clothing and accessories soared by 27.63 per cent to $1.575 billion, compared to $1.234 billion in May 2022.

The exports of knitted and crocheted clothing and accessories increased by 24.6 per cent, reaching $853.227 million in May 2023, compared to $686.559 million in the corresponding period the previous year. Additionally, the shipment of non-knitted apparel and accessories also saw a rise of 31.4 per cent, from $547.711 million in May 2022 to $719.842 million in May 2023.

In 2022, Turkiye's apparel exports rose by 6.46 per cent to $19.475 billion, compared to $18.294 billion in 2021.

Source: fibre2fashion.com – June 30, 2023

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Peru's H2 2023 apparel exports to drop by 20-30% due to more inventory

Peru’s apparel exports will drop by up to 30 per cent in the second half this year due to excess inventory of clothing brands around the world, according to Juan Jose Cordova, president of the textile committee of the Association of Exporters (ADEX).

Due to higher sales projections for last year, sales in which was projected to grow by more than 20 per cent, several brands now have excess inventory of more than three to four months, he said.

“That is why for the whole year 2023 and especially in the second semester, exports will fall between 20 per cent to 30 per cent because of this problem,” Cordova said during the opening of the XlX edition of the Textile Export Forum organised by ADEX.

A few brands like North Face and Timberland have overstock ranging from 25 per cent to 75 per cent.

The domestic market is, however, showing improvement, and this year can see an ‘imminent recovery’ after the pandemic, he was quoted as saying by a Peruvian newspaper.

Source: fibre2fashion.com – June 29, 2023

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Bangladesh seamlessly diversifies into no-seam garments

Introduced to the world in 1995, seamless garment machinery was first manufactured in Italy and this category was initially limited to innerwear. Its versatility was soon used not only for outerwear because it combined comfort with body-fitted silhouettes and the advantage of not having seams that can pucker.

Soon, it became the go-to technology particularly for athleisure and sportswear and then extended its use in home, automobile, medical and other technical fit outs. In this milieu, Bangladesh, which has been looking for diversifying its export-focused manufacturing from basic cotton garments, has embraced seamless garment manufacturing with a large number of players.

Reputable Bangladeshi exporters

Seamless garments are now a serious contender to becoming a star genre of its own and leveraging this opportunity many large players have established their production base in Bangladesh. To name a few: Fakhruddin Textile Mills, Ecta Dhaka, Ever Fashion, Marinetrans India, The Urmi Group, New Line Clothings, Lm Trading, JM Fabrics, Islam Garments, Shanghai All Link Logistics. Seamless garment manufacturing was initialized by the management of Fakhruddin Textile Mills in 2015 in Bangladesh and its success in exports inspired many more traditional knitwear manufacturers to join in as well. Currently, it has an impressive fleet of 78 machines and has plans to increase the number to 150 within the next two years.

For a nation looking to maximise its share of global apparel export, growing demand for seamless garments was a step in the right direction of diversification. Additionally, Bangladeshi exporters who are reputed for their low-cost supplies saw this technology as cost efficient as it reduced labour hours and rapid production turnaround time – seamless garment technology eliminates fabric spreading, cutting and sewing processes, this was a win-win manufacturing that made Bangladeshi exporters get good deals from the likes of JCPenney, Old Navy, La Sanza, Mother's Work, Benetton, Reebok, Ahlens, Next, Victoria's Secret and Wisport among other international brands.

As per Foursource, today Bangladesh has nearly 200 sizeable seamless garment manufacturing companies that are geared towards exports. Khan Mohammad Al Farabi, a specialist in seamless (Santoni) and CWS (construction without sewing) and employed at Islam Garments in Dhaka feels Bangladesh has overcome the initial challenges associated with setting up its seamless garment manufacturing base and is now growing at a healthy rate.

Challenges in going seamless

The biggest challenge of setting up a seamless garment manufacturing is the expensive machinery. Bangladeshi currency hasn't fared too well which makes importing such expensive machinery a huge challenge. Secondly, the labour employed at such units have to be paid higher wages than the ones working for legacy units as a higher skill set is required to operate the production line. This in turn makes the garments dearer, which exporters may not be able to leverage during negotiations with buyers.

The other overhead cost is that of zero defects, a single defect renders the entire garment useless as there is no room to tuck or fold over. Manufacturers also have to contend with the fact that the manufacturing process cannot be involved if slightly complicated patterns are placed. Faiaz Rahman, Director of Urmi Group say these challenges have been well-handled and as a point of reference his company is one of Puma's largest global suppliers and also supplies to premium French brand Auchan and high street brands Marks & Spencer and H&M. Today, Urmi produces 700, 000 pieces a month.

Seamlessly from Europe to Asia

Whilst Europe was the pioneer and held sway for the initial decade and a half or so, the seamless garment production hub has shifted to Asia for obvious cost-efficiency reason. Out of the 40,000 machines operating worldwide, China itself, the largest manufacturer of seamless garments, has 25,000 machines operating in production lines. The remaining 15,000 are spread over Vietnam, Sri Lanka, Turkey, Bangladesh, India, Mexico and some other South American countries.

Source: fashionatingworld.com – June 28, 2023

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Maybank says Vietnam's GDP likely to grow by 5% in Q2 2023

Vietnam's gross domestic product (GDP) is likely to grow by 5 per cent in the second quarter (Q2) this year, and by 4 per cent in the full year, before hitting 6 per cent next year, according to a recent report by Singapore-based Maybank Research Pte Ltd.

The country's growth is led by the service sector, which accounts for 43.1 per cent of the GDP. This sector is projected to post 7 per cent growth in Q2 2023.

Though the industry and construction sector is expected to grow by 2 per cent compared to a year ago, the report said the manufacturing and production sector will stay weak due to weak external demand.

Growth in the construction sector, however, is predicted to be more robust due to increased public investment disbursement for infrastructure projects and government efforts to resume real estate projects, a news agency reported.

The drop in exports will continue in the second half this year due to slowing global growth, while domestic consumption is projected to decline in the next months amid a weak labour market, Maybank experts predict.

Source: fibre2fashion.com – June 27, 2023

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NATIONAL NEWS

Shri Goyal chairs a meeting of bankers on export credit to MSME exporters

Shri Piyush Goyal has asked the Indian banks to ensure enhanced and affordable credit to MSMEs to achieve the target of 1 trillion dollar merchandise exports. This was stated in a meeting called to discuss the issue of increasing the availability of export credit to the MSME exporters.

The meeting was convened by the Department of Commerce in coordination with Export Credit Guarantee Corporation Limited, (ECGC), in New Delhi yesterday. It was attended by the top officials of 21 banks which included State Bank of India, Bank of Baroda, Punjab National Bank, Canara Bank, Union Bank of India, Bank of India and Central Bank of India.

A presentation on 'Export Credit and Export Credit Insurance for Banks (ECIB)' was made by CMD ECGC, Shri M. Senthilnathan. Based on ECGC's experience under the scheme of enhanced cover, ECGC has now proposed further modifications to make available adequate and affordable credit to a larger section of MSME exporters. The product facilitates the borrower accounts to be treated equivalent to 'AA' rated account with reduced cost of export credit to the exporters.

In the meeting, Shri Piyush Goyal said that the ECGC can examine the extension of the scheme proposed for nine banks, to all the banks, so that the export credit offtake for the MSME Exporters can be increased.

Bankers suggested that ECGC should adopt claim processing method similar to Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) for which Commerce and Industry Minister advised ECGC to follow a pattern on similar lines to compensate their loss.

The Minister advised the banks to take advantage of the proposed scheme and extend adequate and affordable export credit to MSME exporters. This would enable the country to achieve its target of USD 1 trillion merchandize exports by 2030.

The Minister also advised ECGC to examine 75% claim payment to banks under the ECIB scheme, within 45 days of receiving the claim. It was further informed by the Minister that in the next four months, all the ECGC services would be digitized, so that physical interaction can be minimized.

Source: pib.gov.in– June 29, 2023

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Sh. Goyal encourages industry's feedback and collaborative engagement to shape policies, procedures and effectiveness of the PLI scheme

Union Minister of Commerce and Industry and Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal said that the Government is committed to fostering a conducive business environment and accelerating growth in Production Linked Incentive (PLI) sectors.

While delivering the keynote address at a Workshop on "PLI Schemes" organized by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry yesterday, the Minister encouraged industry's feedback and collaborative engagement to shape the policies, procedures and effectiveness of the PLI scheme.

Shri Goyal emphasized on the importance of the industry's concentration on producing high-quality products that cater to both the industry's requirements and the consumers' needs. He also urged PLI beneficiaries to take up any procedural challenges/ issues with respective implementing Ministry/ Department so that positive reforms can be brought about and PLI scheme can be made more efficient and effective.

The Minister further added that the Government officials of the implementing Ministry/ Department must hold regular consultation and roundtables with their respective PLI beneficiary so that the issues may be resolved promptly.

Shri Piyush Goyal urged all stakeholders to work together on creating an environment that fosters growth, innovation, and competitiveness in our industries.

The objective of the Workshop was aimed to bring all the key stakeholders on a single platform and create a sense of ownership, so that they could exchange their knowledge and experiences to ensure an effective implementation of PLI Schemes under 14 key sectors. The workshop was organised In line with the vision of the Prime Minister, Shri Narendra Modi, to make India a global hub for manufacturing.

The Workshop witnessed participation from 10 implementing Central Departments, Companies/ PLI beneficiaries under 14 key sectors, various Project Management Agencies (PMAs) viz. IFCI, SIDBI, MECON, IREDA

& SECI, select Industry Associations (CII, FICCI, ASSOCHAM & PHDCCI) & relevant Export Promotion Councils namely FIEO, EEPC & TEPC.

Attendees included a group of distinguished companies such as Wistron, Foxconn, Samsung, Dell, Wipro GE, Dr. Reddy's, Tata Motors, Mahindra & Mahindra, Nokia Solutions, ITC, & Dabur, JSW, and Reliance among others. Their presence ensured a diverse range of perspectives and fostered an environment of knowledge-sharing and networking.

Key executives from these companies, along with Government officials, were actively involved in a collaborative open discussion, interactive session, and presentations throughout the workshop.

The workshop provided a unique forum for industry leaders, experts, and Government officials to engage in insightful discussion and exchange valuable insights on the impact of PLI Schemes. The event aimed to facilitate a comprehensive understanding of the schemes, their objectives, and their potential to revolutionize the manufacturing sector.

The workshop agenda covered various aspects related to PLI Schemes, including their scope, eligibility criteria, incentives, and the roadmap for successful implementation including grievance redressal mechanism provided by concerned central Departments & PMAs.

Participants engaged in productive discussions that focused on leveraging these schemes to enhance competitiveness, boost production, and foster innovation. Key topics included factors/ policy nuances contributing to Schemes' success, enhancing domestic value addition, and capitalizing on emerging technologies.

The workshop culminated in a collective commitment from all attendees to actively participate in the PLI Schemes and leverage the available incentives to their fullest potential.

Overall achievement of PLI Schemes was discussed during the workshop. Actual investment of Rs. 62,500 crore have been realized (till March'23) which has resulted in incremental production/ sales of 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.

PLI Schemes have played a significant role in promoting domestic value addition (DVA) in various sectors. It has led to increased value addition in the electronics sector and in smartphone manufacturing, 23% and 20% respectively, from negligible in 2014-15. Up to 80% DVA has been reported in various products under Pharmaceuticals.

Import substitution of 60% has been achieved in the Telecom sector and India has become almost self–reliant in several networking products. DVA up to 50% is envisaged under Automobiles & Auto component sectors.

Source: pib.gov.in – June 28, 2023

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Textile companies fret as UK lifts zero duty sops

India's over $220 billion textiles industry has petitioned the government about the United Kingdom removing zero duty benefits asking it to intervene as both countries negotiate a free trade deal.

New Delhi's $200 million worth of exports of home textiles and garments to the UK under its Developing Countries Trading Scheme (DCTS) which came into effect last week will lose this benefit till December 31, 2025 while Bangladesh, Pakistan and Sri Lanka will continue to receive them.

"The UK has suddenly suspended preferential customs duty rates on Indian textile imports and it does not seem to be in line with the trade policy direction and when the two sides are negotiating a free trade agreement," said a representative of the cotton textile industry.

The DCTS has replaced the UK's Generalised System of Preferences (GSP) Scheme which provided a 20% concession on the overall import duty of 12% for Indian home textile and garments thereby offering a concessional duty of 9.6%.

The DCTS has three preference tiers -Comprehensive Preference for least developed countries, Enhanced Preference would continue to receive zero duty in textile and clothing items, and Standard Preference which has only India and Indonesia as they are not considered "economically vulnerable" and the duty preference of 20% would be withdrawn.

Source: economictimes.com– June 29, 2023

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India, Philippines decide to commence negotiations on bilateral trade pact

India and the Philippines on Thursday agreed to commence negotiations on a bilateral preferential trade pact and vowed to step up defence cooperation, especially in the maritime security domain, amid China's increasing muscle-flexing in the South China Sea.

In the extensive talks between Secretary for Foreign Affairs of the Philippines Enrique A Manalo and External Affairs Minister S Jaishankar, the two sides also underlined the need for implementing the South China Sea verdict that was pronounced by a UN arbitration court in 2016.

The defence and security ties between India and the Philippines are on an upswing. In January last year, the Philippines concluded a USD 375 million deal with India for the procurement of three batteries of the BrahMos cruise missile.

A joint statement said both sides underlined that India and the Philippines have a shared interest in a free and open Indo-Pacific and emphasised the need for peaceful settlement of disputes and for adherence to international law, especially the UNCLOS (UN Convention on the Law of the Sea) and the arbitral award on the South China Sea.

The UN's Permanent Court of Arbitration, adjudicating the Philippines' case against China's territorial claims in the South China Sea, ruled in favour of Manila. However, China refused to accept the verdict.

There have been growing global concerns over China's sweeping claims of sovereignty over all of the South China Sea, a huge source of hydrocarbons. Several countries in the region including Vietnam, the Philippines and Brunei, have counterclaims.

In a tweet, Jaishankar described the talks at the fifth India-Philippines Joint Commission on Bilateral Cooperation as "productive and comprehensive" and said the dialogue focused on boosting ties in areas of defence, counter-terrorism, health and trade.

The statement said both sides expressed keen interest to continue working in the defence sector, including through opening of a defence attach office in Manila and considering India's offer for concessional Line of Credit to meet the Philippines' defence requirements, acquisition of naval assets, and expansion of training and joint exercises on maritime security.

It said Jaishankar and Manalo agreed to commence negotiations on a bilateral preferential trade agreement, as they noted with satisfaction the growing pace of bilateral trade, which had for the first time crossed the level of USD 3 billion in 2022-23.

The two sides also agreed to work together at the United Nations to attain concrete outcomes on UN Security Council reforms as soon as possible.

"Given the urgent need for UN Security Council reforms, both sides agreed to the expansion in both permanent and non-permanent categories of membership, and reforms of the working methods of the UN Security Council," the statement said.

The statement said the two sides emphasized the need for expanded connectivity and ease of travel to enable the growth of tourism, trade and investment and people to people exchange between the two countries.

It said Jaishankar and Manalo encouraged early negotiations for a bilateral mutual legal assistance treaty on criminal matters and a treaty on transfer of sentenced persons.

"Our agenda today covered defence, maritime security, counter-terrorism and transnational crimes. As also our growing economic ties, including in trade & investments; development cooperation; health & pharma; tourism; air services; agriculture; fintech; S&T and space cooperation," Jaishankar tweeted.

He said the importance of greater people to people ties, specifically in tourism and education sectors, was noted. Manalo, the Secretary for Foreign Affairs of the Philippines, arrived here on Tuesday on a four-day visit.

In a lecture at a think-tank on Wednesday, Manalo said the Philippines wants to develop a "very robust" defence partnership with India and is looking forward to procuring military hardware from it.

Source: business-standard.com– June 29, 2023

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No deal for access to Britain's labour market: UK on India FTA talks

Britain will discuss temporary business visas as part of free trade agreement talks with India but any deal will not contain broader immigration commitments or access to Britain's labour market for Indian workers, trade minister Kemi Badenoch said.

Britain launched trade talks with India in January last year, and Prime Minister Rishi Sunak has stressed that he won't sacrifice quality for speed in negotiations.

Last year, interior minister Suella Braverman sparked a row with comments about the possible impact of Indian migrants in trade talks, citing concern both with any "open borders migration policy with India" and those who overstay visas. Badenoch set out Britain's stance in response to a question about how government ensures it "speaks with a single voice on migration and mobility in relation to a UK-India trade agreement," and avoids "disruptive political off-stage noises".

"An FTA with India will not contain commitments on immigration or provide access to the UK domestic labour market," Badenoch said in a written response to lawmakers published on Thursday.

Source: business-standard.com– June 29, 2023

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India major market for Egypt's cotton, but fabric supply share minimal

India and Egypt are striving to increase their bilateral trade from the current $7 billion to $12 billion within a span of five years. Both countries have emphasised the importance of considering a free trade agreement (FTA) to further enhance their mutual trade.

In the textiles sector, India is a prime market for Egypt's Extra Long Staple (ELS) cotton exports. Although Egypt imports fabric for its garment industry, India's share remains minimal. Similarly, India holds a small share in Egyptian apparel imports. As a significant apparel exporter, Egypt competes with India on the global market.

Last year, Egypt exported cotton (HSN Code 5201) worth $71.892 million, representing 27.81 per cent of its total export of $258.538 million. According to Fibre2Fashion's market insight tool TexPro, India was the second-largest market for Egyptian cotton exports, following China.

In 2022, Egypt imported fabric worth $1,304.685 million. Despite being the second-largest supplier after China, India only held a share of 4.47 per cent. The value of imports from India was $58.295 million, while China's supply was valued at $1,114.856 million during the same period.

Egypt is a major apparel exporting country from Africa, which places it in direct competition with India in the global market. Last year, the African country's apparel exports were valued at $2.437 billion.

Conversely, India has minimal exposure in the Egyptian apparel market. Egypt imported apparel worth $5.131 million last year, which constituted 2.24 per cent of its total imports amounting to $228.860 million. India ranked sixth in Egypt's apparel imports, following Turkiye, China, Bangladesh, the UAE, and Vietnam, according to TexPro.

Source: fibre2fashion.com– June 29, 2023

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Industry should take up issues on e-logs platform: DPIIT

Industry associations should participate on the e-logs platform and deliberate their issues to help service investment group (SIG) address them on a fast-track mode, an official statement said on Thursday. This was suggested to the industry during a meeting of SIG on June 28. It was chaired by Sumita Dawra, the special secretary in the Department for Promotion of Industry and Internal Trade (DPIIT).

During the meeting, major issues impacting the trade were resolved to the satisfaction of all the stakeholders, the DPIIT said.

Under the national logistics policy, a new digital platform Ease of Logistics Services (e-logs) has been started. Through this portal, industry associations can directly take up issues which are causing problems in their operations and performance with government agencies.

A complete system has also been put in place for the speedy resolution of such cases.

"Industry associations should participate on the e-logs platform and deliberate their issues to help SIG address these issues on a fast-track mode in line with the National Logistic Policy," the department said in a statement.

A bid to elicit pro-active participation of various business/industry associations, on one hand, and instil enormous confidence amongst them, on the other, was the topmost agenda of the SIG.

Source: economictimes.com– June 29, 2023

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Indian cotton ginners not ready to implement quality standards

Standardisation of cotton bales in India is facing significant pushback. The new quality standards are due to take effect from the upcoming cotton marketing season, as per the government's Quality Control Order (QCO). India's minister of textile Piyush Goyal has stressed that the nation deserves top-tier garments and that all stakeholders should ensure this standard is met. However, the ginning industry is currently unenthusiastic about implementing the order.

The Haryana Cotton Ginners Association has submitted a letter to the state government's Traders' Welfare Board. In it, they argue that ginners cannot modify cotton quality standards since it's an agricultural product. Sunil Mittal, the Association's president, has warned that if there is any coercive enforcement of this order, ginning mills would be unable to maintain production. As a result, they would have to halt cotton production from the new season starting next October.

Similarly, the Punjab-based Indian Cotton Association expressed in a letter that an agricultural commodity's quality depends on factors such as weather. They insist that while no one intends to produce subpar cotton, setting a quality standard isn't feasible for ginners.

Chetan Bhojani, a cotton trader from Morbi, Gujarat, provided a more logical perspective on the issue. Speaking to Fibre2Fashion, he said, "The Indian cotton ginning industry cannot be compared to its counterparts in developed nations like the US. Given the thousands of Indian ginning mills, many of which are small in size, they simply can't afford to invest in expensive machinery to control trash and moisture." He added that buyers are not willing to pay higher prices for better quality cotton, even if someone were to invest in such machinery.

Bhojani stated that the current bearish market conditions also deter ginners from investing in new machinery. If the government insists on enforcing the new standards, ginners, already burdened by significant losses in the prevailing unfavourable market situation, would be left with no choice but to halt production. Currently, there seems to be little serious discussion on the matter. Therefore, it might be necessary for the government to postpone the implementation until the next season.

The ministry of textiles announced last February that the government had approved the QCO for mandatory certification of cotton bales. This is in line with specification No. IS12171: 2019-Cotton Bales to improve the quality of cotton supplied to the textile industry. The QCO will take effect from October 2023. Ginners will be required to register with the Bureau of Indian Standard, and they'll be obligated to stock and sell cotton bales in the domestic market that meet this new standard.

Source: fibre2fashion.com– June 28, 2023

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Stringent eligibility terms may impede textile projects in PLI scheme

India's much-hyped Production Linked Incentive (PLI) scheme may not achieve significant success in the textile sector. After the refusal to relax strict eligibility conditions in a recent review meeting, a substantial number of successful textile projects are unlikely to proceed to the production stage. The Indian government may adopt a more lenient approach in the second version of the PLI scheme, but it may be confined to garments and other remaining segments of the textile sector.

Commerce and industry minister Piyush Goyal chaired a PLI review meeting in New Delhi on Tuesday, where industry representatives voiced concerns about the stringent eligibility conditions that hinder their ability to take advantage of the scheme. They requested to relax minimum investment and incremental turnover criteria, but their requests were not favourably received. The scheme's performance in six sectors has been poor, with no incentives disbursed due to low investment and production rates. The textile industry was among these underperforming sectors.

An industry veteran told Fibre2Fashion, "The government has made it increasingly difficult for players to avail the benefits. A total of 64 companies succeeded in the scheme across two categories of ₹100 crores and ₹300 crores. Many of these companies might have to reevaluate their projects due to the government's refusal to relax conditions."

Industry sources report that the government had originally listed the projects under a four-digit Harmonised System Nomenclature (HSN) code, offering greater flexibility in production and a broader market for companies to plan their output. However, the projects were later enlisted under six and eight-digit HSN codes, limiting the range of products a successful project can produce. Fewer products mean a smaller market, which may not support extensive plant and production operations.

Under these circumstances, companies may struggle to meet the minimum investment threshold for their projects. They may also find it challenging to achieve a 20 per cent incremental turnover condition. According to the conditions, a company can upgrade to a higher investment category but cannot downgrade. This means a company can move from the ₹100 crore category to the ₹300 crore category, but not vice versa, even if market conditions restrict further investment. The current sluggish market conditions are causing significant concern for companies, who are hesitant about the sufficiency of market demand due to slow exports and domestic demand for garments and other textile products.

R K Vij, president of the Textile Association of India (TAI), told F2F, "The PLI scheme is not bad, but the current market conditions are not conducive for Indian businesses. The government should adopt a more flexible approach to make the scheme more realistic. The present eligibility criteria are very stringent, especially considering the current market scenario."

Industry sources suggest that incentives have not been disbursed because textile projects are still in the pipeline. The current market conditions present significant obstacles to these projects. Many projects in the textile sector may not be implemented as a result.

Source: fibre2fashion.com– June 29, 2023

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