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Currency Watch			
USD	EUR	GBP	JPY
82.45	89.38	104.86	0.57

INTERNATIONAL NEWS

No	Topics
1	Global air cargo market faces downturn in May 2023: IATA
2	Global manufacturing sector hits 6-month low in June 2023: JP Morgan
3	Germany's imports fell by 8.6% YoY in May 2023
4	Average goods prices charged by factories fall worldwide again in June
5	US manufacturing sees steepest decline of 2023 in June: S&P Global
6	EU consumer inflation expectations for 12 months fall further in May
7	Fluctuating Freight Rates, 3PLs and Nearshoring Dominate 2023's Logistics Conversation
8	China's apparel exports to Africa at $3.2 bn in Q1 2023, 7.3% of total
9	Global market influence triggers decline in Brazilian cotton prices
10	Global fashion firms embrace new tech for sustainability
11	EU set to make textile industry pay for waste

12	Indonesian yarn manufacturer utilises new PET recycling technology
13	H&M Cuts Bangladesh Jobs at 'Worst Possible Time'
14	New trade fair for Vietnam's textiles and apparel sector
15	Bangladesh's general point-to-point inflation drops to 9.74% in June

NATIONAL NEWS	
No	**Topics**
1	Export push: Govt working on multi-pronged strategy focussing on key markets, products
2	India and Asean top recipients of FDI, says UNCTAD report
3	RBI working group proposes steps to broaden rupee's global reach
4	Spinning mills begin strike
5	Amazon seller exports from India to cross $8 bn this year
6	Indian PC yarn market remains bearish even as poly spun yarn inches up

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global air cargo market faces downturn in May 2023: IATA

Global air cargo markets saw a slump in May 2023, signalling a weakening in market conditions, according to the International Air Transport Association (IATA).

According to the data released, global demand, measured in cargo tonne-kilometres (CTKs), decreased by 5.2 per cent compared to May 2022, with international operations witnessing a sharper fall of 6 per cent.

In contrast, capacity, as represented by available cargo tonne-kilometres (ACTKs), surged by 14.5 per cent, primarily due to the increase in belly capacity driven by recovering passenger business demand. The current capacity now exceeds pre-pandemic levels by 5.9 per cent.

Key market indicators pointed to a global economic downturn. The global manufacturing purchasing managers' index (PMI) displayed an annual contraction of 1.4 per cent in new export orders and a decrease of 5.2 per cent year-on-year (YoY) in production PMI, indicating a slowdown in global manufacturing demand.

Global goods trade declined by 0.8 per cent in April, with air cargo demand weakening by 6.3 per cent YoY due to macroeconomic challenges and supply chain constraints, as per IATA.

However, there is some relief for supply chains as the global supplier delivery time PMI increased to 54.5 in May, up from 35 in October 2021, signifying shorter delivery times. This could be an indication of decreasing global goods trade demand.

The Asia-Pacific region witnessed a 3.3 per cent decrease in air cargo volumes in May 2023 compared to the same month in 2022. North American carriers performed the weakest, with an 8.1 per cent decrease in cargo volumes.

European carriers saw a 6.7 per cent drop in cargo volumes. Middle Eastern carriers experienced a 3.1 per cent YoY decrease in cargo volumes.

Latin American carriers were the only ones to report a positive performance, posting a 3.6 per cent increase in cargo volumes compared to May 2022.

African airlines, however, experienced a 2.4 per cent decrease in demand compared to May 2022, possibly influenced by the conflict in Sudan.

Source: fibre2fashion.com – July 06, 2023

HOME

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Global manufacturing sector hits 6-month low in June 2023: JP Morgan

Global manufacturing purchasing managers' index (PMI) declined to 48.8 in June 2023, down from 49.6 in May, marking a six-month low for the index, according to the JP Morgan Global Manufacturing PMI report, a key economic indicator produced by JP Morgan and S&P Global in association with ISM and IFPSM. The PMI has signalled a worsening in operating conditions for ten consecutive months.

Factory output declined in June, having risen during the past four months due to easing supply chain constraints and the lifting of restrictions in mainland China. The main factor underlying lower production was a further contraction in new order intakes, which fell for the twelfth successive month.

Only ten out of the 29 nations for which June data were available saw production increase, seven of which were located in Asia (including growth in India and mainland China).

Sector data showed output falling in the intermediate and investment goods sectors and stagnating at consumer goods producers, as per the report.

International trade flows remained especially weak, as new export business contracted for the sixteenth successive month. The rate of decline accelerated to the strongest in six months, with reductions signalled in the US, euro area, Japan, South Korea, and Brazil (among others), while mainland China saw only a negligible increase.

The current sustained weakness of the demand environment led to an increasingly cautious approach from manufacturers. Staffing levels were broadly unchanged during June, purchasing activity was cut back to the greatest extent since January and stocks were depleted as companies freed up funds. The dearth of demand also led to backlogs of work being reduced for the twelfth month in a row.

Business optimism was less upbeat in June. Although manufacturers (on average) still forecast output to rise over the coming year, the overall degree of positivity dipped to its lowest since last November.

Confidence was at a six-month low in the US, an eight-month low in mainland China and a seven-month low in the euro area (with France and Germany forecasting output to fall over the coming 12 months). Japan was one of the rare exceptions that saw sentiment strengthen.

There was better news on the supply and price fronts during June. Average vendor lead times shortened for the fifth month running, albeit to the least marked extent since February. Input costs fell for the second straight month, with the steeper rate of decline (on average) in developed nations compared to their emerging market counterparts. Average selling prices also posted back-to-back decreases in May and June.

Source: fibre2fashion.com – July 05, 2023

HOME

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Germany's imports fell by 8.6% YoY in May 2023

In May 2023, German exports were down 0.1 per cent and imports were up 1.7 per cent on a calendar and seasonally adjusted basis compared with April 2023. The country's exports decreased by 0.7 per cent and imports fell by 8.6 per cent year-on-year (YoY), as per provisional data.

After calendar and seasonal adjustment, Germany exported goods to the total value of €130.5 billion and imported goods to the value of €116.1 billion in May 2023. The foreign trade balance showed a surplus of €14.4 billion in May 2023. The calendar and seasonally adjusted surplus stood at €16.5 billion in April 2023 and €4.4 billion in May 2022, the Federal Statistical Office (Destatis) said in a press release.

On a calendar and seasonally adjusted basis, Germany exported goods to the value of €70.3 billion to the member states of the European Union (EU) in May 2023, while it imported goods to the value of €61.6 billion from these countries. Compared with April 2023, calendar and seasonally adjusted exports to the EU countries dropped by 1.5 per cent, while imports from these countries increased by 3.5 per cent.

The value of the goods exported to euro area countries totalled €49.2 billion at -1.6 per cent in May 2023, and the value of the goods imported from these countries was €41.0 billion at 4.5 per cent. In May 2023, goods to the value of €21.2 billion at -1.3 per cent were exported to EU countries not belonging to the euro area, while the value of the goods imported from these countries was €20.5 billion at 1.5 per cent, on a calendar and seasonally adjusted basis.

Exports of goods to countries outside the EU (third countries) amounted to €60.2 billion in May 2023, while imports from these countries totalled €54.5 billion, on a calendar and seasonally adjusted basis. Compared with April 2023, exports to third countries increased by 1.5 per cent and imports from those countries decreased by 0.3 per cent.

Most German exports in May 2023 went to the US. After seasonal and calendar adjustment, exports of goods to the US were down 3.6 per cent compared with April 2023, with the value of exports to the US falling to €12.7 billion. Exports to China increased by 1.6 per cent to €8.6 billion and exports to the UK by 5.8 per cent to €6.4 billion.

Most imports in May 2023 came from China. Goods to the value of €13.3 billion were imported from there, which represented a 2.7 per cent increase compared with the previous month, after calendar and seasonal adjustment. Imports from the US were down 5.7 per cent to €7.6 billion. Imports from the UK increased by 15.3 per cent to €3.3 billion during the same period.

German exports to Russia declined a calendar and seasonally adjusted 7.4 per cent to €0.7 billion in May 2023 compared with April 2023. Compared with May 2022, when exports to Russia decreased dramatically as a result of the Russian attack on Ukraine, exports were down 34.4 per cent. Imports from Russia fell by 17.3 per cent to €0.3 billion in May 2023 from April 2023, and were down 92.6 per cent compared with May 2022.

Germany exported goods to the value of €130.6 billion and imported goods to the value of €117.2 billion on a nominal basis (not adjusted for calendar or seasonal effects) in May 2023. Compared with May 2022, exports in May 2023 therefore decreased by 4.0 per cent, and imports fell by 10.6 per cent. The unadjusted foreign trade balance showed a surplus of €13.4 billion in May 2023. In May 2022, the surplus was €4.9 billion.

Source: fibre2fashion.com – July 06, 2023

HOME

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Average goods prices charged by factories fall worldwide again in June

The JPMorgan global manufacturing purchasing managers' index (PMI) compiled by S&P Global showed average prices charged by factories for their goods fell worldwide for a second straight month in June this year.

The rate of decline accelerated, reflecting a second month of falling input prices, a commentary by Chris Williamson, chief business economist at S&P Global Market Intelligence, noted.

Improved supply chains, lower energy prices and subdued demand have all contributed to growing deflation in the global manufacturing economy.

However, these deflationary forces were partially offset in June by historically elevated wage pressures, which hint at some stubborn stickiness of core inflation, the commentary said.

Falling prices, or lower inflation rates, were observed in almost all monitored economies.

Manufacturing output prices—average charges levied for goods leaving the factory gate—fell worldwide for a second month running in June, dropping at the sharpest rate since May 2020.
If the early COVID-19 lockdown months are excluded, the fall in prices was the sharpest since February 2016, according to the latest PMI surveys compiled by S&P Global.

The declines represent a marked reversal of the inflation trend, with the survey having seen record increases in factory selling prices just over a year ago, the commentary noted.

Recent months have witnessed an improvement in supply chains, and pricing power has shifted to the buyer, as shortages and supply chain delays have disappeared, replaced in many cases by situations of excess supply, it said.

This excess supply has been in part a result of a growing shift toward inventory reduction, as manufacturers, their suppliers and their customers seek to reduce stock holdings for cost considerations in the face of disappointing demand, it added.

Of the 31 economies for which S&P Global manufacturing PMI data are available, selling prices fell in 19, albeit in some instances only marginally. Australia reported the steepest decline, followed by Poland, Austria, Italy and Brazil.

In all cases except Taiwan, mainland China and Greece, either the rate of deflation accelerated or prices fell after having risen in May.

Prices rose at increased rates in Turkiye, India and Russia, although the steepest rate of increase was again reported in Indonesia, followed by Turkiye and Japan.

Among major economies, the euro zone is witnessing the sharpest rate of manufacturing selling price deflation, followed by mainland China.

Source: fibre2fashion.com – July 05, 2023

HOME

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US manufacturing sees steepest decline of 2023 in June: S&P Global

US' manufacturing sector saw a sharp contraction in June 2023, according to S&P Global US manufacturing purchasing managers' index (PMI). The PMI dropped to 46.3 in June from 48.4 in May, indicating that manufacturing performance has worsened in seven of the past eight months.

Underpinning the latest PMI reading was a marked contraction in new orders in June. The decrease was the steepest of the year so far and the second-fastest in over three years. Firms commonly attributed the decline to suppressed demand due to inflationary pressure and higher interest rates.

At the same time, external demand weakened. New export orders fell for the thirteenth month running and at a sharp rate that was among the fastest in the last three years, as per S&P Global.

Subsequently client reticence ensured that production moved back into contraction territory following a three-month period of expansion. The rate of decline was the joint sharpest in 2023 to date. Some companies also stated that additional production was no longer being used to replenish stocks amid weak demand.

Prices pressures dissipated in June as input costs fell for a second month running. Manufacturers saw the sharpest drop in material prices since May 2020. Suppliers were often reported to offer promotions in an effort to entice purchases of inputs.

Output charges, meanwhile, were broadly unchanged on the month. The respective seasonally adjusted index was at its lowest level in three years. Although some firms noted the pass through of cost savings to customers, others stated that they continued to transfer previous cost increases to clients in an effort to protect margins.

Input buying at goods producers contracted at the steepest rate since January, as dwindling new orders led firms to adjust their spending downwards. Some companies also mentioned that lower purchasing activity reflected efforts to destock and wind down inventories.

Subsequently, stocks of purchases fell at an accelerated pace that was the second-fastest since May 2020. Firms sought to reduce current holdings of inputs for cost considerations. At the same time, stocks of finished goods declined sharply, and at the quickest rate since November 2021.

Despite fragile demand conditions, manufacturers hired new workers in June. Employment growth was modest overall, and softer than in May. Companies continued to highlight more successful recruitment campaigns for long-held vacancies as driving job creation. Nonetheless, backlogs of work were depleted at the second-fastest pace in over three years.

Subdued sentiment at customers was reflected in weaker business confidence in June. The degree of optimism in the year ahead outlook for output softened. Although still forecasting an increase in output, expectations were the lowest in 2023 to date.

Source: fibre2fashion.com – July 06, 2023

HOME

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EU consumer inflation expectations for 12 months fall further in May

Compared with April this year, consumer inflation expectations in the European Union (EU) for the next 12 months decreased further in May, while those for inflation three years ahead remained stable, according to consumer expectations survey results for May this year conducted by the European Central Bank (ECB).

Expectations for nominal income growth over the next 12 months increased slightly, while expectations for nominal spending growth continued to decline. Expectations for economic growth over the next 12 months became less negative and the expected unemployment rate in 12 months' time decreased.

The median rate of perceived inflation over the previous 12 months decreased to 8 per cent in May from 8.9 per cent in April in the bloc. Median expectations for inflation over the next 12 months also decreased to 3.9 per cent from 4.1 per cent in April, while those for inflation three years ahead remained unchanged at 2.5 per cent.

Uncertainty about inflation expectations 12 months ahead fell to its lowest level since March 2022 after the start of Russia's war in Ukraine, although it remained above levels observed prior to this. Consumers in May expected their nominal income over the next 12 months to increase by 1.2 per cent compared with 1.1 per cent in April.

The higher income groups reported a sharper drop in expectations for nominal spending growth than the lower two quintiles of the income distribution. (Income and consumption results) Economic growth expectations for the next 12 months were slightly less negative in May, standing at minus 0.7 per cent compared with minus 0.8 per cent in April.

Expectations for the unemployment rate 12 months ahead decreased to 11 per cent from 11.2 per cent in April. Consumers continued to expect the future unemployment rate to be only slightly higher than the perceived current unemployment rate (10.9 per cent), implying a broadly stable labour market, ECB said.

Source: fibre2fashion.com – July 06, 2023

HOME

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Fluctuating Freight Rates, 3PLs and Nearshoring Dominate 2023's Logistics Conversation

The drastic shakeup across the supply chain during the Covid-19 pandemic has led to an eventful 2023 for logistics, defined by declining container demand, an ensuing freight recession and cost-cutting strategies from Amazon and FedEx to UPS.

Vincent Iacopella, executive vice president, growth and strategy at Alba Wheels Up International, believes container demand and rates will rise again once companies clear through last year's inventory glut.

Any change in rates could hinge on whether ocean carriers add capacity at the rate of demand, which Iacopella said didn't happen when a similar scenario occurred in the summer of 2020, leading to the price surges.

But regardless of price, Iacopella said during a panel discussion at Sourcing Journal's Global Outlook event that Alba's customers want stability above all else so they can better project future costs.

"Customers want a three-to-five year budgetable cost. Rather than these fluctuations between $1,800 and $20,000 containers, carriers, terminals and importers want a stable, fair price that is forecastable," Iacopella said. "If you ask me if the $1,800 container is good for importers, I'm not so sure. Can you use that number to project in 2024, and 2025, and can you count on that number being that low in the outgoing years,"

As the logistics landscape continues to shift and companies rein in spending, third-party logistics providers (3PLs) and warehouse outsourcing are gaining traction—as seen by recent news from TikTok.

"The 3PL segment is the fastest-growing segment we've seen over the last three years," Lee Spratt, CEO, Americas, DHL ECommerce Solutions, said during the pandemic. "It is now our largest segment that we serve. I see nothing but growth opportunity there."

Both Spratt and Mark Manduca, chief investment officer at GXO Logistics, advocated for 3PL technologies in helping retailers get SKUs closer to the consumer, particularly to save both costs and time.

Manduca believes billions of dollars will flow “from the in-house into the out-house” as the companies prioritize warehouse automation and nearshoring. More than 30 percent of GXO’s warehouses are automated, Manduca highlighted, noting that the firm’s retail clients typically have about 5 percent to 8 percent of their operations automated.

“You’re seeing customers wanting to right-size themselves, for who they want to be from an e-commerce standpoint. A lot of my customers have one in five items bought online today. The reality is, a lot of them want to be three out of five by 2030 or 2035,” said Manduca. “This is going to be an outsourcing story. People are going to want to remove their back office from their books into a 3PL space.”

Manduca believes the fragmented 3PL industry is is ripe for consolidation in the coming years, particularly as the shipping industry seeks to get closer to the end consumer and uncertainty colors freight rates.

“You’re going to see organic consolidation, such as companies that both Lee and myself are looking after,” Manduca said. “You’re also going to see inorganic consolidation taking place in this industry as shipping companies [come] in and [buy] up 3PLs.”

As companies turn to 3PLs and seek to shift some volume out of China, efforts to nearshore in markets like Mexico show it’s a viable alternative. For companies seeking a shift into local markets, they must account for both the management of the supply chain itself, as well as the customs regulations that are in effect.

Additionally, understanding duty policy is vital, whether it be Section 301 tariffs affecting Chinese goods, or the de minimis threshold of $800 on duty-free imports.

“I mention those because you might have had a percentage of your inventory eligible for duty-free direct-to-consumer, but maybe the pressure wasn’t there to break that out and go to northern Mexico at the time,” Iacopella said. “You can still leverage U.S. ports in L.A. and Long Beach to get to northern Baja. Companies like it—during the pandemic, we had inventory three days away from every consumer and retailer. They don’t want it sitting on a vessel waiting to berth six weeks out of Long Beach.”

As retailers and brands continue to curb costs through 3PLs, expect the lean mindset to become the norm moving forward.

“I think everyone in the space is going to be [managing costs] for the next several years until the economic situation gets better,” DHL’s Spratt said. When preparing for the holiday season and determining their 2023 outlook, businesses should examine sector-specific data.

“Look for microchips, and agricultural chemicals being strong,” Iacopella said. “Consumer goods are going to be a little softer. It’s not going to be across the board, boom or bust.”

Source: sourcingjournal.com – July 05, 2023

HOME

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China's apparel exports to Africa at $3.2 bn in Q1 2023, 7.3% of total

China's apparel exports to Africa reached $3.254 billion from January to April 2023, making the region the fourth largest market for China. These exports accounted for 7.31 per cent of China's total apparel shipments.

For the first time, the country's monthly shipment crossed the $1 billion mark in April 2023. Throughout 2022, China exported apparel valued at $7.859 billion to Africa.

In 2020, China’s shipment of apparel experienced a decline, dropping to $6.907 billion from $7.004 billion in 2019. However, it rebounded to $8.671 billion in 2021. On a quarterly basis, the shipment in Q1 2023 was $2.253 billion, up from $2.123 billion in Q4 2022.

The values recorded in Q3, Q2 and Q1 of 2022 were $2.117 billion, $1.923 billion, and $1.695 billion respectively, according to Fibre2Fashion’s market insight tool TexPro.

During the first four months of 2023, Africa was the fourth largest region for China’s exports. China exported apparel worth $44.523 billion during this period, with exports to Africa valued at $3.254 billion. This accounted for 7.31 per cent of total exports from China.

According to TexPro, China's exports of home textiles totalled $11.978 billion. Shipments to Africa in this period were worth $665.134 million, representing 5.55 per cent of the total.

Source: fibre2fashion.com – July 06, 2023

HOME

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Global market influence triggers decline in Brazilian cotton prices

Cotton prices significantly decreased in the Brazilian spot market towards the end of June. This reduction was aligned with trends in the international market, which were influenced by the forecast of favourable weather conditions in the United States, a decrease in oil prices, and a slow pace of US cotton sales, as per the Center for Advanced Studies on Applied Economics (CEPEA).

The downward trend was further amplified by certain sellers in Brazil demonstrating more flexibility. However, other producers decided to stay away from the spot market, in hopes of a potential recovery in prices or better opportunities.

Regarding the buyers, a majority of the industry has been operating at a diminished capacity. As a result, buyers remained hesitant to engage in new transactions, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

From May 31 to June 30, the CEPEA/ESALQ Index for cotton decreased by 12.51 per cent, closing at BRL 3.5984 per pound on June 30.

Source: fibre2fashion.com – July 05, 2023

HOME

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Global fashion firms embrace new tech for sustainability

There is a noticeable trend in the textile industry where fashion companies are embracing new technologies that were not traditionally used before, such as biotechnology and electrochemistry, according to Karin Fleck, CEO of Vienna Textile Lab, a company that provides eco-friendly alternatives to conventional dyes, fostering responsible, environmentally thoughtful design practices.

This shift has led to the hiring of sustainability experts, bioengineers, and other professionals to develop in-house knowledge and establish new material supply chains, even before these innovations are fully market-ready. By proactively investing in these areas, companies aim to stay ahead of the curve and meet the growing consumer demand for sustainable and innovative products. This strategic approach allows the textile industry to shape the future of the industry and contribute to the development of more environmentally friendly and socially responsible practices, Fleck told Fibre2Fashion in an exclusive interview.

When talking about the future of sustainable textiles and fashion evolving in terms of consumer demand, Fleck told F2F, “I have noticed an increasing diversity and complexity in the industry, driven by the growing demands of consumers who are now more curious about the manufacturing processes and materials used in products. This shift has brought about a renewed focus on sustainability, social welfare, and innovation. The industry itself is vast and interconnected, encompassing both mass manufacturing and small family businesses. This diversity presents unique challenges and opportunities for all stakeholders involved.”

Click here to read the full interview.

Source: fibre2fashion.com – July 05, 2023

HOME

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EU set to make textile industry pay for waste

The EU wants the textile industry to pay for the processing of discarded clothing and footwear under new rules aimed at cutting the environmental footprint of fast-fashion brands.

The proposal, presented by the European Commission on Wednesday, would push clothing companies to improve the recyclability of their products and catalyse a growing second market, it said.

"You can't ban people from buying new things if they can afford it and they feel like it," said Virginijus Sinkevičius, the EU's environment commissioner. "What I need to ensure is that even if they do, at the end of life of those goods can find a better way than being . . . incinerated or dumped in Africa."

Fast-fashion brands such as the online retailers Shein and Boohoo and high street clothing giants H&M and Inditex, which owns Zara, have come under increasing pressure to move away from low-cost business models that have resulted in millions of tonnes of clothes being trashed.

The equivalent of 12kg of clothes and footwear per EU citizen is discarded each year of which more than three-quarters is incinerated or goes to landfill, according to commission data. The consumption of clothing and footwear is expected to increase by 63 per cent from 62mn tonnes in 2019 to 102mn tonnes in 2030, European Environment Agency data suggests.

According to the proposal, companies that sell to consumers in the EU would be responsible for paying for the treatment of any waste textiles with the amount charged dependent on the amount of processing required.

Similar measures are already in place in EU countries such as France and Spain, and member states are already obliged to put in place systems for collecting textile waste by 2025 under separate rules.

An EU official said that by the commission's estimates the cost of making companies pay for clothing waste would amount to the equivalent of around €0.12 per T-shirt but it would vary according to the product and what treatment was needed.

Fees could be reduced if a garment was made more sustainably, the official said. “Fast fashion is a problem,” the person said, adding that modulating the charges would encourage retailers to think harder about the potential for reusing or recycling their products. EuroCommerce, the retail industry body, said it backed the idea but wanted the rules to be harmonised across all of the EU’s 27 member states when they were implemented.

Companies wanted to sell more sustainable products, it said, but were hampered by the lack of recycling infrastructure. “Finance and investment are needed to achieve this high level of textile waste collection,” the trade body said. H&M also said it backed the measures and aimed for 30 per cent of its clothes to be made from recycled fibres by 2025. Euratex, the textile industry body, said that it was working on pilot projects with small fabric manufacturers in 11 textile producing regions to create a closed loop system with clothes better designed for recycling.

But the proposed measures are likely to disappoint lawmakers in the European parliament who have called for an “end to fast fashion” and the setting of specific targets for textile waste collection, prevention and recycling. The proposal was issued at the same time as a revision of food waste rules and new legislation governing the health of the bloc’s soils and use of new techniques for genetically modifying crops.

It will have to be agreed in negotiations between EU member states — which last month backed a ban on the destruction of unsold clothing — and the European parliament before it becomes law.

A report published this week by the European Court of Auditors suggested there was little appetite among EU countries to increase the proportion of recycled material that was circulating in their economies. The authors said that levels of circularity in seven countries, including Sweden and Denmark, had gone backwards.

“EU action has been so far powerless, meaning the circular transition is unfortunately almost at a standstill in European countries,” said Annemie Turtelboom, a member of the ECA.

Source: ft.com – July 05, 2023

HOME

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Indonesian yarn manufacturer utilises new PET recycling technology

PT Kahatex, one of Indonesia's largest manufacturers of woven and circular-knitted fabrics, has leveraged homogenisation technology from Oerlikon Barmag Huitong Engineering for mechanically recycling prepared polyester (PET) waste.

Oerlikon Barmag Huitong Engineering, a collaboration between Oerlikon Barmag and Yangzhou Huitong Chemical Engineering Technique Co. Ltd., has resulted in an advanced technology that efficiently handles different types of PET waste. This innovative solution effectively processes post-industrial waste (such as popcorn), bottle flakes, and films. By ensuring a consistent and uniform melt, this technology significantly improves viscosity, thereby enabling the production of high-quality preliminary products made from recycled PET (rPET) such as melt, chips and fibre materials for direct spinning.

The practice of waste reuse is gaining momentum within the textile industry. In May 2022, PT Kahatex, which is focused on manufacturing high-end textiles for the Asian, US and European markets, took a step towards sustainability by implementing a system capable of recycling 25 tonnes of popcorn and bottle flakes daily. This process transforms the waste materials into high-quality chips suitable for producing POY and DTY textiles.

The homogenisation technology continues to be highly appealing and is already being embraced by Kahatex and Chinese fibre manufacturers. They are utilising this technology to recycle bottle flakes and yarn waste into staple fibres and filament yarns through direct-spinning processes. This approach has proven to be effective and is gaining popularity within the industry.

"We are currently receiving inquiries not only from Bangladesh but also from China," said Michael Mächtig, the Product Manager at Oerlikon Barmag.

Source: apparelresources.com – July 05, 2023

HOME

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H&M Cuts Bangladesh Jobs at 'Worst Possible Time'

H&M Group picked the "worst possible time" to cut jobs in Bangladesh, with news spreading Wednesday that 46 of the 450 employees in the Swedish retailer's Dhaka office were given notice on the eve of the Eid al-Adha festival.

"It is unfortunate timing, and where is the compassion?" a local entrepreneur who asked not to be named told Sourcing journal. "This is the worst possible time to lay off people, just before the festival time."

Many observers called out H&M Group CEO Helena Helmersson's visit to Dhaka to meet with Prime Minister Sheikh Hasina in June, which local industry representatives described as a positive encounter. "H&M claims it is promoting sustainability, but taking care of people is the foremost principle of sustainability which they are violating," an industry insider said, describing the terminations as "brutal."

H&M is one of Bangladesh's biggest apparel buyers, sourcing from more than 250 factories and purchasing rouhgly $3 billion worth of product a year, according to industry analysts.

The Monki owner confirmed the cuts on Wednesday.

"We can confirm that 46 of our colleagues are impacted and that we are doing our best to support them during this challenging time," an H&M spokesperson told Sourcing Journal. "During the process we have—and are following—local laws and regulations and we are ensuring that the rights of our colleagues are respected."

Another manufacturer who asked not to be named said that this was part clearly of a bigger cost-cutting plan to deal with the global economic slowdown. Many large retailers, he said, were consolidating their sourcing strategies to work with bigger manufacturers, mitigate risks and improve quality control.

Previously, the fast-fashion company had laid off 101 employees in Bangladesh December 2020, during the Covid-19 pandemic.

At that time, H&M Bangladesh country manager Ziaur Rahman said the company was responding to a rapidly changing climate. “Though this may bring some difficult decisions, they are necessary to strengthen our position in the competitive landscape,” he said.

Many find the cuts to be a tough pill to swallow.

“H&M is a big fast fashion brand. They have earned a huge profit through buying cheap products with cheap labor from Bangladesh and other countries. I think they should take responsibility and take care of their staff,” said Taslima Akhter, president of Bangladesh Garment Workers Solidarity.

Brands and retailers never share profits with those lower on the totem, she said, adding that the burden of any crisis falls on rank-and-file workers. “They should take responsibility and have an emergency fund to fight the crisis period,” she said.

Last week, H&M said sales measured in local currencies for its March-May quarter were “flattish” compared with the average analyst forecast for a 1 percent gain.

“With the second quarter behind us we can conclude that we have taken a number of further important steps towards our goals. We increased sales in many markets despite reduced purchasing power and unfavorable weather conditions compared with last year. The summer collections have been well received and the third quarter has got off to a good start,” Helmersson said at the time.

But there is some good news for Bangladesh.

Results for the country’s financial year, announced on Monday, showed clear progress. Apparel exports for the full fiscal year through June 30, showed year-on-year growth of 10.3 percent, at $46.99 billion, up from last year’s $42.61 billion.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said that higher value items helped fuel the expansion. “New markets such as Japan, Korea and India have been contributing to increase nontraditional markets’ share,” he said.

Knitwear continued to perform well, accounting for $25.73 billion, while woven garments commanded $21.25 billion.

The apparel sector increased its share of the export basket, now accounting for approximately 84 percent of Bangladesh's record $55 billion exports. The second largest export—leather and leather goods—accounted for $1.22 billion, down from last year's $1.24 billion.

Home textiles slipped to third place, declining 32.47 percent to $1.09 billion.

Despite the strong headwinds, including energy and power shortages, inflation and falling foreign exchange reserves in the country, the apparel sector continued to find its way forward, according to manufacturers who said they're squeezed on all sides from higher raw materials to soaring energy costs.

Source: sourcingjournal.com – July 05, 2023

HOME

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New trade fair for Vietnam's textiles and apparel sector

With combined regional, global, and industry specific expertise, the Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies (VIATT) will make its debut from 28 February to 1 March 2024.

Following the signing of a memorandum of understanding (MOU) in late March, Messe Frankfurt (HK) Ltd and the Vietnam Trade Promotion Agency (VIETRADE) wasted little time announcing the international fair for the entire textile value chain. The extensive three-day platform will be staged at the Saigon Exhibition and Convention Center (SECC), Ho Chi Minh City.

With the textile trade winds bearing upon Vietnam, the organisers are confident in leveraging their various strengths to realise a show of unprecedented scope within the industry.

Commenting on the new event, Ms Wendy Wen, Managing Director of Messe Frankfurt (HK) Ltd, said: "With Intertextile Apparel in Shanghai a prime example, our Texpertise Network provides the ideal global framework from which to launch this diverse, comprehensive platform for the integrated textile supply chain. VIATT itself will capture the essence of Texpertise in one platform – a diverse, one-stop sourcing event for buyers across all categories, from garments, fabrics, yarns and fibres to textile machinery, technical textiles and nonwovens, and everything in between."

Discussing the event's potential, Mr Le Hoang Tai, Deputy Director General of the Vietnam Trade Promotion Agency (VIETRADE), said: "Vietnam is one of the world's leading textile producers and exporters, and going from strength to strength as one of Southeast Asia's manufacturing hubs.

Our establishment has many years of experience organising trade fairs throughout Vietnam, and together with Messe Frankfurt we are excited to help international fairgoers unlock the potential of the country's fast-growing textile market. In addition, Ho Chi Minh City's accessibility, and Vietnam's proximity to other leading textile-producing nations such as Bangladesh, Cambodia, China and India, make it the logical venue to host an event of this nature."

“We are pleased to add another destination to our worldwide network of textile events. VIATT in Vietnam integrates perfectly into the portfolio of Texpertise, the global textile network of Messe Frankfurt. These include for example Heimtextil, Techtextil and Texprocess in Frankfurt as well as Texworld in Paris and New York City, Intertextile and Yarn Expo in China, among many others,” explains Mr Olaf Schmidt, Vice President Textiles & Textile Technologies at Messe Frankfurt.

World’s third largest textile and garment exporter well-placed for further growth

Many international textile manufacturers have been expanding operations into Vietnam, augmenting an already strong domestic industry. According to the Vietnam Textile and Apparel Association (VITAS), the country’s textile and garment industry achieved staggering annual growth of 20-26% from 2018-2022.

Participation in international trade agreements such as the Regional Comprehensive Economic Partnership (RCEP), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU–Vietnam Free Trade Agreement (EVFTA), and the Indo-Pacific Economic Framework for Prosperity (IPEF], bodes well for future growth.

As one of the world’s biggest importers of textile machinery, and a consistent importer of fabrics, yarns and fibres, garment production is the cornerstone of Vietnam’s industry. The country utilises cotton and functional materials to produce casualwear, childrenswear, swimwear, workwear, and much more, with sportswear an especially fast-growing category, and high-utility garments expected to achieve high exports.

By linking textile players from across Asia, Europe and beyond with this vibrant market, VIATT 2024 will play an important part in shaping the future of Vietnam’s industry. Next year’s fair will host an extensive mix of international and domestic exhibitors covering multiple textile sub-sectors, including garments, apparel fabrics and accessories, yarns and fibres, digital printing, home textiles, technical textiles and nonwovens, textile processing, textile machinery, and more.

Exhibitors and buyers can utilise the fair’s global business matchmaking service, where connections are made based on the specific needs of each party. In addition to the fair’s main function as an international trading platform, its fringe programme will facilitate participants’ networking with industry leaders and offer diverse market insights via various seminars, forums, and panel discussions.

The Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies (VIATT) is being organised by Messe Frankfurt (HK) Ltd and the Vietnam Trade Promotion Agency (VIETRADE). Covering the entire textile industry value chain, the inaugural edition will be held from 28 February to 1 March 2024 at the Saigon Exhibition and Convention Center (SECC), Ho Chi Minh City.

Source: knittingindustry.com– July 06, 2023

HOME

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Bangladesh's general point-to-point inflation drops to 9.74% in June

Bangladesh's monthly inflation rate fell slightly by 0.2 percentage points from May's 9.94 per cent to 9.74 per cent in June, according to fresh data from the Bangladesh Bureau of Statistics (BBS).

May's figure was the highest in a decade.

Non-food inflation hit 9.6 per cent during the month, down from 9.96 per cent in the previous, acoding to media reports in the country.

The new monetary policy effective from July 1 hiked key policy rates to make loan costlier to tame runaway inflation.

The Bangladesh Bank earlier explained why its previous policy stance failed to stop rising inflation. "The lack of a competitive environment, along with market syndication, could have also contributed to the current CPI inflation," it had said.

Source: fibre2fashion.com– July 05, 2023

HOME

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NATIONAL NEWS

Export push: Govt working on multi-pronged strategy focussing on key markets, products

With Indian exports on a downslide as demand from key markets continues to shrink, the government is working on a multi-pronged export strategy that will focus on export promotion in about a dozen countries to begin with, including the US, the UK, the UAE, and Russia and push about eight commodity groups, by holding exhibitions and road-shows. It will also work simultaneously on promoting domestic manufacturing with an eye on exports, said senior officials.

"There are about 40 countries, out of the roughly 200 countries that India trades with, that account for 85 per cent of the country's exports. Concentrating on these countries can lead to a more focussed approach towards export promotion.

We are working out trade and investment strategy to promote exports focussing on 12 countries in the first phase," per an official tracking the matter.

The focus countries of the first phase also include Brazil, Canada, Saudi Arabia, Germany, Sweden, Japan, Taiwan, and South Korea.

The commodities that are to be promoted in the initial phase include auto, medical devices, pharmaceuticals, textiles, food processing, tourism, electrical items, the source added.

The territorial divisions of the Department for Promotion of Investment and Internal Trade (DPIIT) and the Commerce Department, together with Invest India and Indian Missions, are working on organising road shows, exhibitions and buyer-seller meets in the 12 identified countries, said the source.

Fall in demand

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, as demand in key markets such as China, the US and the EU declined.

"Since demand in most of India's major markets is down, the government hopes to grab a bigger share of the identified markets, which hold a potential for growth, through various promotional measures," the source added.

The Commerce Department has also identified major conferences that will be held over the next 5-6 months in India, such as the World Spice Congress and World Food Show, which will also have reverse buyer-seller meets, Commerce Secretary Sunil Barthwal recently pointed out in a media interaction. Earlier they were small in size, but this time they will be bigger with more buyer-seller meets, he said.

The DPIIT and Department of Commerce are working together in building synergies between domestic manufacturing and exports, said Barthwal. "What we are emphasising on is 'make in India' and 'make for the world'.

Whatever we are making in India should not be just focussed towards domestic consumption, but should also have export-orientation. We are looking at how to forge an alliance in terms of investment and trade," he said.

Source: thehindubusinessline.com– July 05, 2023

HOME

****

India and Asean top recipients of FDI, says UNCTAD report

Foreign direct investment (FDI) in developing countries in Asia remained flat year-on-year at $662 billion during 2022, despite clocking about half of global inflows, the United Nations Conference on Trade and Development (UNCTAD) said Wednesday in its World Investment Report 2023.

India and ASEAN were the most buoyant recipients, with increases of 10 and 5%, respectively, and strong growth in project announcements, it said.

FDI inflows were higher in developing countries compared with those in developed economies. Globally, FDI declined 12% to $1.3 trillion in 2022 after a strong rebound in 2021 following the steep drop due to the coronavirus pandemic, according to the report.

China, the second largest FDI host country in the world, saw a 5% increase. FDI in the Gulf region declined, but the number of project announcements increased by two thirds.

“Inflows in many smaller developing countries were stagnant, and FDI to the least developed countries (LDCs) declined,” it said.

Stressing on the need to focus on investing in sustainable energy for all as “much of the growth in international investment in renewable energy has been concentrated in developed countries”, UNCTAD called for urgent support to developing countries to bridge the gap by attracting massive investment in clean energy.

The report also shows that the investment gap across all sectors of the Sustainable Development Goals has nearly doubled since 2015.

“Developing countries need renewable energy investments of about $1.7 trillion annually but attracted foreign direct investment in clean energy worth only $544 billion in 2022,” it said.

On financing, the report called for the de-risking of energy transition investment in developing countries through loans, guarantees, insurance instruments and equity participation of both the public sector – through public private partnerships and blended finance – and multilateral development banks. It also mentioned a "new model of climate-aligned dealmaking".

As per the report, the investment gap across all sectors of the Sustainable Development Goals has increased to more than $4 trillion per year from $2.5 trillion in 2015.

The largest gaps are in energy, water and transport infrastructure. The increase is the result of both underinvestment and additional needs.

Source: economictimes.com– July 05, 2023

HOME

****

RBI working group proposes steps to broaden rupee's global reach

The increasing use of the Indian rupee in invoicing and settlement of international trade, as well as in capital account transactions, will give the local currency international acceptance, a working group of the Reserve Bank of India said.

An international currency is one that is freely available to non-residents, essentially to settle cross-border transactions, and in the case of the rupee, this will be achieved by promoting the currency for import and export, without any limits.

"The internationalisation of a currency is also closely interlinked with the nation's economic progress, especially its prominence in global trade," the working group said in the report, which was made public on the RBI's website on Wednesday.

"The measures for promoting internationalisation of INR (Indian rupee) would involve steps towards parallelly liberalising the capital account, promoting international usage of INR, and strengthening financial markets."

The group recommended enabling the rupee as an additional settlement currency in multilateral mechanisms such as the Asian Clearing Union.

It also encouraged the opening of rupee accounts for non-residents both in India and outside the country, and integrating the Indian payment systems with other countries for cross-border transactions.

Further, the report also proposed the country's financial markets to be strengthened by fostering a five-day round-the-clock global rupee market while promoting India as the hub for rupee transactions and price discovery and inclusion of local government debt on global bond indexes. Besides, exporters should be offered "equitable" incentives for settling trades in rupees, it added.

Over the medium term, the group recommended a review of taxes on masala bonds, or those bonds issued outside India but denominated in rupees.

It also recommended examining tax issues in financial markets and allowing banking services in rupees outside India through offshore branches of Indian banks.

The RBI said that the report and its recommendations do not reflect its official position and that the proposals will be examined for implementation.

Source: economictimes.com– July 05, 2023

HOME

****

Spinning mills begin strike

Open-end spinning mills have launched a strike in protest against power tariff hike and raw material prices.

The mills produce yarn from cotton waste, fabric waste and pet bottles. Over 640 members are involved in production of yarn, including power looms, handlooms and home textiles.

"There has been an abnormal increase in cotton prices. Cotton waste is our raw material. The increase in cotton price has, in effect, pushed the price of cotton waste from 50% to 75%," Recycled Textile Federation's state president M Jayabal told TOI.

“Apart from this, the State government hiked electricity charges, which have added strain to our operations. Use of electricity during peak hours, which is from 6-10 am and 6-10pm, made an additional 15% charge, Jayabal.

“Before the hike, for 112 kilowatts under the LTCT, we paid a total amount of 3,920, with 35 per kilowatt. Now, we are paying 153 per kilowatt with a total amount rising to 17,200. Also, use of electricity during peak hours, which is from 6-10am to 6-10pm, made an additional 15% charge.”

“We are not able to run the industry due to the hike in electricity charges and cotton. We ran out of liquidity, with the operators facing almost 4 to 5 lakh loss per month,” he added.

The mill operators have begun the strike across the state, demanding the state government to reduce the electricity charges and address the issues of increase in raw material cost.

Source: timesofindia.com– July 06, 2023

HOME

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Amazon seller exports from India to cross $8 bn this year

NEW DELHI : Exports by Indian sellers to Amazon marketplaces the world over are on track to surpass $8 billion in 2023, said a top executive at the company.

The business update comes over a year after the global e-commerce marketplace had doubled targets to achieve $20 billion in cumulative e-commerce exports from India by 2025.

The update is part of Amazon Global Selling, the retailer's e-commerce exports program, that has grown to more than 1.25 lakh Indian exporters since its launch in 2015. Sellers from over 200 Indian cities are part of the Amazon Global Selling program.

The program helps Indian exporters list their products across 18 Amazon marketplaces such as the US, the UK, the UAE, Canada, Mexico, Germany, Italy, France, Spain, the Netherlands, Turkey, Brazil, Japan, Australia, and Singapore and then sell to over 200 markets globally.

"The first $5 billion essentially took seven years, but the next $3 billion—a little over a year. So that is the sort of momentum we are seeing," Bhupen Wakankar, Director Global Trade at Amazon India, said.

Amazon earlier revised its target of cumulative exports from India from $10 billion to $20 billion by 2025 citing demand for Indian products such as toys, home textile, textiles, handicrafts, packaged foods in overseas markets. The pandemic also drove greater adoption of digital selling prompting traders to look at avenues to sell their goods online.

According to data released by Amazon on Wednesday, Delhi has the largest base of exporters part of the Amazon Global Selling program at 20,000 followed by Rajasthan, Maharashtra, Gujarat and Haryana.

The top 10 international markets for traders in these cities include The United States, The United Kingdom, Canada, Germany, The United Arab Emirates, France, Italy, Spain, Mexico, and Saudi Arabia. In 2022, exporters from Haridwar, Uttarakhand, cumulatively crossed $23 million in sales in 2022.

The move comes as the Indian government has set a target of $1 trillion of merchandise exports by 2030; Wakankar said this thrust is likely to help accelerate greater adoption of its program. Meanwhile, the latest Foreign Trade Policy 2023 released earlier this year highlights e-commerce exports as a “promising category" that requires distinct policy interventions

“The government is now saying $1 trillion in merchandise exports; not just that, 20% to 30% of that i.e. $200 to $300 billion dollars in e-commerce exports. So the government is sort of recognizing e-commerce exports as a sector is a sunrise sector and it needs special attention. We are starting to see that this increased focus from the government side is driving incremental, awareness. That reflects in both the government policies that are coming through; the government is trying to get more FTAs in place," Wakankar said in an interview with Mint.

Inclusion of a dedicated chapter on e-commerce exports in the Foreign Trade Policy FTP 2023 will catalyze growth in exports and expand the opportunity to lakhs of small businesses across India, Wakankar added.

The FTP came into effect 01 April; it outlines the intent and roadmap for establishing e-commerce hubs and related elements such as payment reconciliation, book-keeping, returns policy, and export entitlements.

Meanwhile, Amazon’s export program now has exporters from over 200 cities including tier-2 towns several such as Sri Ganganagar, Neemuch, Moradabad, Tiruvallur, and Kolhapur. Over 1,200 Indian exporters on the program crossed ₹1 crore in sales in 2022 on the program.

Source: livemint.com– July 05, 2023

HOME

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Indian PC yarn market remains bearish even as poly spun yarn inches up

Polyester-cotton (PC) yarn prices remained bearish in the Ludhiana market, experiencing a slight decline of ₹4-5 per kg. However, polyester spun yarn saw an increase due to heightened demand. The Mumbai market also saw increases in the prices of viscose vertex and ring spun yarn, though the Surat market witnessed a slight drop in the price of viscose compact yarn.

Despite this, trade sources reported that both polyester and viscose yarn experienced marginally better buying activity. Meanwhile, the polyester yarn market remains uncertain about the execution of the quality control order in the country.

Ludhiana's market demonstrated a bearish tone for PC yarn, with prices declining by ₹4-5 per kg. However, polyester spun yarn prices showed an upward trend due to increased demand. A local trader spoke to Fibre2Fashion, stating, "The market showed a mixed trend.

Polyester spun yarn experienced improved sentiment due to higher demand." Traders expressed confusion regarding the implementation of the QCO, with industry organisations hoping for a delay in implementation. However, the government has yet to announce any deferment.

The 30 count PC combed yarn (48/52) remained stable at ₹195-206 per kg (GST inclusive) in Ludhiana. Similarly, the 30 count PC carded yarn (65/35) was stable at ₹185-190 per kg. The 30 count poly spun saw an increase, being traded higher at ₹154-162 per kg (GST inclusive) in the North Indian market. The prices saw an increase of ₹2 per kg. Recycled polyester fibre (PET bottle fibre) also saw an increase, quoted at ₹71-74 per kg, according to Fibre2Fashion's market insight tool TexPro.

The Surat market observed an upward trend in poly spun yarn prices. Trade sources reported better market sentiments. The 30 count poly spun yarn was traded at ₹136-137 per kg (GST extra), and 40 count poly spun yarn at ₹150-152 per kg. The 30 viscose compact yarn (local) was recorded at ₹205-206 per kg (GST extra) in Surat. Meanwhile, the Mumbai market saw an increase of ₹2-3 per kg in viscose vertex and ring spun yarn prices.

Imported vertex yarn was sold at ₹187-188 per kg, and local ring spun yarn at ₹197-198 per kg.

Previously, RIL had fixed prices for PTA at ₹82.40 per kg (an increase of ₹0.80), MEG at ₹48.20 per kg (a decrease of ₹0.70), and MELT at ₹87.25 per kg (an increase of ₹0.45). These polyester raw material prices came into effect from the previous Saturday. For the first half of July 2023, the company maintained prices of polyester staple fibre (PSF) at ₹102 per kg.

North Indian cotton prices increased by ₹100 per maund (37.2 kg) due to stronger signals from the global market. Trade sources indicated that spinners were keen to buy the natural fibre following the recent rise in ICE cotton prices. They are expecting an increase in cotton prices. The natural fibre was traded at ₹5,900-6,000 per maund of 37.2 kg in Punjab, ₹5,650-5,750 per maund in Haryana, and ₹6,000-6,125 per maund in upper Rajasthan. It sold at ₹55,000-56,600 per candy (356 kg) in lower Rajasthan.

Source: fibre2fashion.com– July 05, 2023

HOME

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