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Currency Watch			
USD	EUR	GBP	JPY
82.12	91.46	106.71	0.59

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INTERNATIONAL NEWS

What's Behind the Asian Import Slump?

Apparel and textiles imports into the U.S. showed double-digit declines in May, according to the latest data from the Commerce Department's Office of Textiles & Apparel (OTEXA).

May's apparel and textile imports into the U.S. totaled roughly 8.8 billion square meters equivalent (SME), for a 17.6 percent decline from the same month last year. Textile imports fell 13.9 percent year-on-year to 6.8 billion SME while shipments of apparel slumped 28.1 percent year-on-year to 1.99 billion SME, OTEXA reported.

Year-to-date through May, U.S. ports of entry handled textiles and apparel imports totaling 36.4 billion SME, a 22.4 percent year-on-year decline. Textiles held up better than apparel, however.

Year-to-date textile imports totaled 26.8 billion SME for a 19.1 percent decline versus the prior-year five-month period while apparel shipments tumbled 30.5 percent to roughly 9.6 billion SME, according to OTEXA data published Thursday.

Among the U.S.' top 10 trading partners, the biggest losers were the giants of Asian textile and garment production. India declined 36.3 percent, Bangladesh fell 34.6 percent; Pakistan tumbled 33.3 percent and Vietnam slumped 33.1 percent.

China lost only 15.4 percent, down from 2.88 billion SME to 2.43 billion this year from May one year ago. Notable is that China still does more than three times the trade with the U.S, than the next contender, India.

Losses among other Asian nations might be a result of supply chain interruptions, with retailers moving into nearshoring to avoid a repeat of the delays and cost of what occurred during the pandemic.

Malaysia, however, lost only 14.1 percent, down to 553.8 million SME from 631.6 million SME, less than half the losses of the other four major players.

Turkey's shipments to the U.S. fell 57.7 percent compared with a year ago. One reason might be the disastrous earthquakes that struck the country and parts of Syria in February, although retailers and manufacturers were urged to not cancel orders and factory managers were encouraged to keep factories up and running where possible.

The reelection in May of president Recip Tayyib Erdogan is also problematic. The currency is in freefall, while inflation stands at 45 percent, still high although down from 85.5 percent last year.

On the winning side, the Czech Republic shipped 265.2 percent more apparel products into the U.S., up to 408.4 million SME this year compared with 111.8 million SME a year ago.

Mexico was up some 210.5 percent, to 811.3 million SME from 261.3 last year, most likely a result of nearshoring. Retailers are eager to pull back from China, particularly after the supply chain problems of the pandemic. Goods can come from Mexico by truck, and increasingly by electric truck, with less wear on the environment.

Source: sourcingjournal.com – July 12, 2023

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China's exports fall most in three years as global economy struggles

China's exports fell the most in three years in June, slumping a worse-than-expected 12.4% year-on-year, as signs mount of stress from the struggling global economy and Chinese policymakers face growing pressure for stimulus measures.

Imports also fell more than expected, down 6.8%, customs data showed on Thursday. A Reuters poll of economists had forecast exports to have shrunk 9.5% and imports to have fallen 4.0%.

Momentum in China's post-pandemic recovery has slowed after a brisk pickup in the first quarter, with analysts now downgrading their projections for the economy for the rest of the year as factory output slows in the face of persistently weak global demand.

Lv Daliang, a spokesperson for the General Administration of Customs, blamed the poor export performance on "a weak global economic recovery, slowing global trade and investment, and rising unilateralism, protectionism and geopolitics," in comments at a news conference in Beijing.

Policymakers are now reckoning with the prospect of prolonged slower growth in the world's second-largest economy of around just 3% annually, according to economists' forecasts. That is less than half the rates typical throughout recent decades and creates the feel of an economy in recession.

Chinese Premier Li Qiang, who took up his post in March, has talked a good game on rolling out policy measures to boost demand and invigorate markets, but few concrete steps have been announced and investors are growing impatient.

"Looking ahead, the headwinds facing the external sector remain strong, which calls for policy support towards domestic demand," said Zhou Hao, economist at Guotai Junan International.

South Korean shipments to China, a leading indicator for China's imports, fell 19.0% last month, the smallest decline since October but suggesting demand for semiconductors and other components used to manufacture electronic goods remains weak.

Demand for raw materials also showed signs of weakness, with copper imports down 16.4% in June compared with a year earlier.

Chinese factory activity has been shrinking in recent months, while consumer prices teetered on the edge of deflation in June and producer prices fell at their fastest pace in more than seven years.

The government has set a modest GDP growth target of around 5% for this year, after badly missing the 2022 goal.

Source: timesofindia.com – July 13, 2023

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Cotton fell amid lower demand and expectations for larger yields

Yesterday, cotton prices decreased by -0.14% to 56880 as a result of lower demand and expectations for larger yields, particularly following the return of the monsoon. Since July 2022, declining demand has become, by far, the biggest issue in the global textile value chain. India is expected to produce 360.2 lakh bales of cotton in CY22/23 as opposed to 302 lakh bales in the previous year, a 19.3% increase. At the end of September, closing stockpiles of cotton are predicted to increase by 420% to 51 lakh bales. Farmers and dealers now have 110 lakh bales, or 28% of the crop, in their possession. They are keeping their expectations for future price increases in check.

Due to lower-than-anticipated demand from textile businesses, China's Ministry of Agriculture lowered its prediction for cotton imports for the 2023–2024 crop year. According to the ministry's monthly China Agricultural Supply and Demand Estimates (CASDE), which is a decrease of 400,000 tonnes from the previous month's prediction, cotton imports are anticipated to total 1.45 million metric tonnes. According to the estimate, consumption would decrease by 100,000 metric tonnes to 7.4 million metric tonnes as a result of poor textile exports and decreased demand from textile producers for raw materials.

The majority of the 1.7 million-bale rise in ending stocks for the global 2023–24 cotton balance sheet may be attributed to higher beginning stocks. Beginning stocks are 1.1 million bales higher due to an expected 1.8 million bale rise in production split throughout India, Brazil, and Australia, which more than compensates an estimated 675,000 bale gain in worldwide consumption and a 350,000 bale fall in Argentina's ending stocks.

Technically market is under fresh selling as the market has witnessed a gain in open interest by 3.76% to settle at 386 while prices are down -80 rupees, now Cotton is getting support at 56560 and below same could see a test of 56230 levels, and resistance is now likely to be seen at 57160, a move above could see prices testing 57430.

Source: investing.com – July 13, 2023

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Turkiye's industrial sector decreases marginally in May 2023: Turkstat

Turkiye's industrial production decreased by 0.2 per cent year-on-year in May 2023, according to the recent data by the Turkish Statistical Institute (Turkstat). Despite the overall decrease in industrial output, the manufacturing index, a key component of industrial production, saw an increase of 0.6 per cent compared to May 2022.

However, the electricity, gas, steam, and air conditioning supply index recorded a drop of 1.3 per cent in the same timeframe, as per Turkstat.

On a positive note, when compared with the previous month, both subsectors demonstrated growth. The manufacturing index marked an increase of 0.9 per cent, and the electricity, gas, steam, and air conditioning supply index grew by a significant 2.4 per cent in May 2023.

Source: fibre2fashion.com – July 13, 2023

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China again urges US to lift additional tariffs on goods

In a renewed call, China has urged the US to lift the supplementary tariffs on Chinese goods, cease the suppression of Chinese firms, fairly consider bilateral investments, loosen US export restrictions on China, and revoke the ban on all imports related to Xinjiang, according to the Chinese ministry of finance.

China and the US pledged to sustain elevated exchanges and communications in economic affairs, following a consensus established during a leaders' summit held in Bali. These remarks were made on Monday in response to the four-day visit of US treasury secretary, Janet Yellen, to China, which ended on Sunday.

The ministry used this opportunity to explain China's position on bilateral economic matters and global challenges. It emphasised the reciprocal benefits of the China-US economic partnership, expressed concerns over US economic sanctions and China's repression, and voiced China's stance on healthy economic competition. China also expressed its eagerness to collaborate with the US in tackling global challenges, as per Chinese media reports.

The ministry underlined the necessity of respecting the valid development rights and interests of all parties to foster a sound China-US economic relationship. It urged for healthy competition in line with market economy principles and World Trade Organization rules. The ministry also suggested that both nations should strive for consensus on significant bilateral economic issues through open discussions, aiming to infuse stability and positivity into the bilateral economic relationship.

In a notable comment, the US clarified that it doesn't intend to 'decouple' from China, stating that separation of the world's two largest economies could have catastrophic consequences for both countries and potentially lead to global instability. Furthermore, the US affirmed its intention not to pressure other nations into picking sides or fragmenting the world economy.

China expressed hope that the US will take tangible steps to address the significant concerns related to the bilateral economic relationship, the media reports added.

As the world grapples with escalating challenges concerning macroeconomic and financial stability, climate change, and debt issues, China called upon developed nations, including the US, to shoulder their responsibilities, appreciate the worries of developing countries, and actively promote global development.

Source: fibre2fashion.com – July 12, 2023

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Dutch manufacturing industry faces output slump in May 2023: CBS

In May 2023, Dutch manufacturing industry experienced a 9.2 per cent decline in its average daily output compared to the same period in 2022, according to Statistics Netherlands (CBS). This marks a continuation of the output contraction seen on an annual basis throughout the preceding months of this year.

Among the larger industries, the chemical industry saw the steepest decrease in production. This data is particularly significant given that manufacturing output had been on a recovery path since May 2020, following a sharp decline in the spring of that year. However, the trend has reversed since May 2022.

After adjusting for seasonal effects and working-day patterns, manufacturing output saw a 1.2 per cent increase between April and May 2023, as per CBS.

Nevertheless, manufacturer sentiment in June reflected a decline for the third consecutive month. The pessimistic outlook is mainly attributed to less confidence in future output and order positions. This trend aligns with sentiment in Germany, a critical market for the Dutch manufacturing industry. German business confidence also decreased in June, as per Eurostat.

However, the German manufacturing industry, which is a key market for the Dutch manufacturing industry, showed an opposite trend, with average daily output increasing by 2 per cent year-on-year in May, according to Destatis.

Source: fibre2fashion.com – July 12, 2023

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E-commerce poised for 42% share of US retail growth in 2023: Report

E-commerce is expected to account for 42 per cent of US' total retail sales growth in 2023, maintaining its pre-pandemic rate, according to the 2023 US Online Retail Report published by FTI Consulting, Inc's retail and consumer products practice. The report predicts that online retail sales in the US are projected to reach $1.14 trillion in 2023, marking a 10 per cent increase from the previous year. While the annual growth rate for e-commerce is expected to moderate to 10 per cent or less in the coming years, online sales are still projected to grow at double the rate of store-based sales through to 2025.

The report also included a new survey regarding consumer interest and concerns about AI-driven shopping personalisation. According to the findings, approximately 80 per cent of shoppers believe personalisation can enhance their online shopping experience, with 75 per cent of respondents indicating significant interest in receiving personalised product offers and advertisements.

Despite the growing interest in personalisation, consumers expressed concerns about data privacy. Only 48 per cent of respondents felt comfortable sharing personal data like browsing history and transaction history, while only 38 per cent trust retail platforms to manage their personal data, as per the survey.

Notably, Baby Boomers showed less interest in personalisation, with only 46 per cent expressing interest in product recommendations tailored to their interests, and a mere 21 per cent trusting online retailers. Furthermore, 77 per cent of respondents said they would be most interested in personalised content that includes customised pricing and discounts. About 69 per cent of respondents were highly interested in local recommendations and offers. Fifty-one per cent of respondents said they had concerns about racial and gender-based recommendations.

Gen Z is the age group most likely to shop around, with 72 per cent of respondents saying they would switch retailers for a more personalised experience.

Source: fibre2fashion.com – July 13, 2023

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UK's online retail revenue declines 1.2% in June 2023: IMRG

June 2023 saw a drop of 1.2 per cent year-on-year (YoY) in UK's online retail revenue, marking the 26th consecutive month of flat or negative growth, according to the latest data from Interactive Media in Retail Group's (IMRG) Online Retail Index, which monitors the online sales performance of approximately 200 retailers in the UK.

However, from a month-on-month (MoM) perspective, the overall online market revenue rose by 1.4 per cent in June, keeping in line with the usual growth pattern for this time of the year.

Online traffic showed growth in June after seven consecutive months of decline. The traffic growth stood at 1.9 per cent YoY and increased by 5.4 per cent from May, signalling higher customer interest and positive impact of communal celebrations such as Father's Day and Pride on trading, as per IMRG.

The arrival of a heatwave in June, marking the hottest June on record, was identified as a potential factor in the increase of traffic to retail sites and a relatively steady performance in revenue. Specific sectors such as clothing, despite a 2.3 per cent YoY drop, experienced some positive weeks in a year where growth has generally been elusive. Footwear sales saw a positive uptick, with a 0.7 per cent YoY increase.

"Following the pandemic boom, when lockdowns drove huge surges in online purchases and it appeared possible that its penetration into retail overall had rocketed forward several years, the market has actually been in decline ever since. However, while negative growth has become normalised, the trend lines are heading back toward positive growth again, likely in time for the most important time of the year for retail—Black Friday and Christmas. Provided, of course, the looming mortgage crisis doesn't blow everything off target again," said Andy Mulcahy, strategy and insight director, IMRG.

Source: fibre2fashion.com – July 13, 2023

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Sri Lanka's cabinet approves starting talks with Indonesia for PTA

Sri Lanka's cabinet recently granted permission to start negotiations with Indonesia for a preferential trade agreement (PTA), ultimately leading to a free trade agreement (FTA). President Ranil Wickremesinghe had sought cabinet approval early this week for the same.

The country has identified Indonesia as a potential trading partner to cultivate profitable trade ties, the government's information department said.

In 2018, both sides had launched a joint feasibility study to commence negotiations for an FTA.

"Indonesia is one of the largest economies in South East Asia. The preferential agreement will help to enhance access to our exports and it will also allow (Indonesia) to import competitively," cabinet spokesperson minister Bandula Gunawardana was quoted as saying by Sri Lankan media reports.

Gunawardana said the government is expediting negotiations on signing trade agreements with Thailand, China and Singapore as well.

Sri Lanka has also decided to formally request the member countries of the Regional Comprehensive Economic Partnership to join the trade pact.

Source: fibre2fashion.com – July 13, 2023

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Green Production in Vietnam's Textile Industry: Progress Report

International markets generally, but the European market in particular, have developed standards for imported textiles and apparel that have forced local manufacturers to change the way they do business.

Specifically, in order to export to the EU, Vietnamese textile firms have to meet standards around product safety, and human and environmental impacts in their supply chains.

This has forced Vietnamese firms to take action and adapt.

In this article, we delve deeper into the current state of the Vietnamese textile industry with respect to its environmental impact, some of the key certifications governing apparel production, and the future outlook for the textile and apparel industry.

Driving the textile sector's green production transition

According to the General Statistics Office, in the first four months of 2023, textile and apparel exports amounted to just US$9.5 billion – a 19.3 percent decline over the same period in the previous year.

This can largely be attributed to the challenges brought about by the Russia-Ukraine conflict, which has led to a slowdown in the global economy and rising inflation among Vietnam's major trading partners.

This decline, however, has been somewhat transformative for the garment and textile sector.

Businesses have changed swiftly as a result of the economic challenges. In order to adapt to the shift from highly specialized production to competitive, small-order items, businesses have reorganized their production lines, the technology they use, and their business models more broadly, Vu Duc Giang, the Chairman of the Vietnam Textile and Apparel Association, told a conference on the digitalization and greening of textile production, in June.

Furthermore, green production has become increasingly important in addition to the rising demand for durable and long-lasting goods. Several important export destinations for Vietnamese textiles and apparel, including the US, the EU, Japan, and South Korea, have laws governing environmentally responsible manufacturing practices. Moreover, higher standards for product quality are embedded in many of the trade agreements Vietnam is party to.

This is all driving a push in Vietnam towards more environmentally friendly textile production.

Source: vietnam-briefing.com– July 12, 2023

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Pakistan: Cotton exports anticipated to be record-breaking

Cotton exports from Pakistan have kicked off in the current cotton season, marking a promising start for the country's textile industry. The Chairman of the Cotton Ginners Forum, Ihsanul Haq, disclosed that a major cotton ginner in Sindh has finalised agreements to export 600 tonnes of cotton to Indonesia and Vietnam. The shipments are scheduled to commence in early August, fuelling expectations of a fruitful year for cotton exports.

This year's cotton quality has significantly improved due to favourable weather conditions, including a lack of rainfall and favourable temperatures during the sowing and picking seasons in Sindh's coastal areas. As a result, Pakistan has received early orders for cotton exports, indicating the potential for achieving record-breaking figures this year.

However, the delay in cotton procurement by cotton ginners has led to a rapid increase in cotton prices. Prices have reached Rs17,500 per maund in Punjab, following a recent increase of Rs500, and Rs17,000 per maund in Sindh. The fluctuation in the value of the dollar may further impact cotton prices, leading to potential increases or decreases in the future.

Considering the favourable weather conditions, Pakistan is expected to produce more than one crore bales of cotton in the upcoming year, provided that the weather remains conducive, said Haq. This projection bodes well for the country's textile sector and highlights the potential for a strong cotton industry in Pakistan.

Source: tribune.com.pk – July 12, 2023

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NATIONAL NEWS

Shri Goyal engages with several highly placed politicians, govt. officials and industry leaders in London

Commerce and Industry Minister (CIM) of India, Piyush Goyal, concluded a productive visit to London from July 10 to July 12, during which he engaged with several highly placed politicians, govt. officials and industry leaders and had crucial discussions to strengthen the India-UK trade relationship. The visit was strategically timed, coinciding with the critical stage of ongoing negotiations, and proved to be instrumental in moving the discussions forward.

During his visit, Minister Goyal met with the Secretary of State for Trade of the United Kingdom, Kemi Badenoch, to discuss the Free Trade Agreement (FTA) and explore opportunities for enhanced collaboration between the two nations.

Recognizing India's vast population of 1.4 billion and its remarkable economic growth, both ministers acknowledged the immense potential of the Indian market for the United Kingdom. Encouragingly, considerable progress was achieved during their frank and open discussions on various difficult issues.

The meeting between Minister Goyal and Secretary Badenoch was marked by a shared understanding and a commitment to advancing mutual interests. The ministers identified and focused on low-hanging fruits, which included the closure of several chapters in the negotiations. This pragmatic approach aimed at resolving issues where negotiators had encountered challenges. The visit proved to be critical in overcoming crucial obstacles and charting a path forward towards an ambitious and mutually beneficial trade deal.

Furthermore, Minister Goyal had a productive discussion with Douglas McNeill, the Chief Economic Advisor to the UK Prime Minister. The meeting highlighted the joint efforts of India and the UK in giving a new dimension to their relationship and promoting trade between the two nations. Both parties acknowledged the positive outcomes achieved through collaborative initiatives and expressed optimism for the future. It is noteworthy that Mr. McNeil had visited New Delhi during the last Round and had meeting with senior officers and ministers.

During the visit he also interacted with businesses and industry and had a Business Roundtable involving stakeholders of various sectors of mutual interest for India and the UK. He urged the businesses in India and the UK to take advantages of various initiatives of Government of India. He also interacted with the members of UK chapter of Institute of Chartered Accountants of India.

The discussions held during this visit reflected a strong commitment from both sides to forge a closer partnership and explore avenues for trade promotion. The progress made during the visit sets a solid foundation for further strengthening bilateral relations and achieving mutually beneficial outcomes.

Source: pib.gov.in– July 12, 2023

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Successful meeting between Union Minister of Commerce & Industry and high-level EFTA delegation in London

Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal, concluded a highly successful meeting with a delegation from the European Free Trade Association (EFTA), led by the Swiss State Secretary for Economic Affairs, Helene Budliger Artieda.

The meeting took place in London from July 11 to July 12, 2023. Ms. Helene Budliger Artieda was also accompanied with the industry stakeholders from Pharmaceutical, Machinery and Electronics of EFTA states.

The deliberations between the Minister Piyush Goyal and State Secretary Helene Budliger Artieda were fruitful and detailed discussions on crucial issues, with the shared goal of swiftly concluding the Trade and Economic Partnership Agreement (TEPA) negotiations.

The primary objective of these negotiations is to establish a fair, mutually beneficial, and comprehensive trade deal between India and EFTA.

Over the past few months, India and EFTA have significantly intensified their engagement, highlighting the commitment of both parties to achieving an early conclusion to the TEPA negotiations. The meeting in London further bolstered this commitment, with both sides demonstrating a strong willingness to progress towards a final agreement.

Minister Piyush Goyal expressed his satisfaction with the progress made during the meeting, highlighting the constructive and collaborative nature of the discussions. He emphasized the importance of a comprehensive trade deal that addresses the needs and aspirations of both India and EFTA, fostering closer economic ties and promoting sustained growth.

State Secretary Helene Budliger Artieda echoed Minister Goyal's sentiments and commended the Indian government's proactive approach and expressed confidence in the positive outcomes that can be realized through a comprehensive TEPA.

The successful meeting in London added further momentum to the ongoing negotiations between India and EFTA. Both sides have reaffirmed their commitment to expedite the conclusion of the TEPA, recognizing the potential for enhanced economic cooperation and trade between the two regions.

The successful conclusion of the TEPA will set the stage for a new deeper economic collaboration, driving growth and prosperity for both India and EFTA.

Source: pib.gov.in– July 12, 2023

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A 176-hour odyssey: Logistics sector struggles with the burden of moving India's exports

Last summer, Haresh Calcuttawala, co-founder of Mumbai-based import-export software platform Trezix, visited Noida for work. His observations about the experiences of transport truck drivers highlight the logistics woes of India.

"It was almost 44-45 degrees Celsius in the driver's cabin and there was no air conditioning system in the trucks. The drivers could only start for their destinations in the afternoon because they were carrying certain goods that are allowed to pass through Jaipur, which was on their route, from 4 to 9 pm," he says.

The comments show how the logistics segment has underestimated the importance of route planning. This observation assumes importance because effective route planning can ensure that goods reach the destination on time; the fuel and driver costs are minimal; truck utilisation improves; there is less vehicle wear and tear, and customer satisfaction improves. All these factors contribute to the success or failure of a logistics player. A seamless logistics system also ensures growth in exports.

A report released by the Centre of Indirect Taxes and Customs (CBIC) in June notes that the time taken for goods — after all compliances and regulations have been fulfilled — to reach its departure terminal for exports is far behind the target. It takes about 7 days or 175 hours and 55 minutes for this process, while the government has set a target of 24 hours.

Delays up and down the chain

The CBIC report, the National Time Release Study (NTRS) 2023, measures the import and export release times. Import release time refers to the time taken from when goods arrive at ports or customs stations to when it leaves the place for domestic clearance. Export release time shows the time taken from the arrival of cargo at the customs station to its final departure.

The study helps one understand the speed of import and export processes. It covers seaports, inland container depot (ICD), air cargo complexes (ACCs), and integrated check posts (ICPs), among others. These contribute nearly 80% of bills of entry and almost 70% of shipping bills filed in India — showing that the majority of goods pass through these places while entering or exiting the country. So, any block or delay here can send a ripple effect up and down the logistics chain.

ET Online

Export time release

Targets	Regulatory clearance time (hour:min)		Arrival to Departure time (hour:min)	
	2023	2022	2023	2022
Seaports (24 hrs)	19:34	29:47	175:55	191:41
ICDs (24 hrs)	32:53	47:41	129:33	177.44
ACCs (24 hrs)	4:08	4:04	28:18	35:22
ICPs (24 hrs)	4:33	11:07	11:07	21:39

ICD: Inland Container Depot, ACC: Air Cargo Complexes, ICP: Integrated Check Posts

Source: CBIC- National Time Release Study

ET Rise

For example, if some goods get stuck at a port because of some issue, it blocks the space meant for other goods. This means truckers would have to wait and the sender of the goods faces delay. The overseas buyer of the goods would not get the consignment on time.

According to the CBIC report, while the import and export release timings have improved from last year, the logistics part has been falling behind in exports, particularly at seaports.

Clearance time

To understand what this means, we have to first understand that export release time is calculated using two factors: regulatory clearance time, the time it takes for exporters to get all the documentation authorised by customs; and post-regulatory clearance time, the time it takes for goods to leave a customs station. The target for both is 24 hours.

While the regulatory clearance time has achieved its targets for seaports — at 19 hours and 34 minutes in 2023 from 29 hours and 47 minutes in 2022 — the post-regulatory clearance has not. This process takes about 175 hours and 55 minutes, from 191 hours and 41 minutes in 2022.

Though there is a slight improvement, experts say this is nowhere near the requirement to enhance trade. This is a costly issue. Nisha Taneja, Professor at Indian Council for Research on Economic Relations (ICRIER), says logistics accounts for 85% of the export cost.

This is one of the main reasons India's logistics cost is high — estimated at 13% of GDP, while the global average is 8%. Home Minister Amit Shah had said in March that the government was working on bringing this down to 7.5% in five years. Development cannot happen unless this cost is brought down and infrastructure is created, he had said.

Higher logistics costs inflate expenses for manufacturers and sellers, and hurts exporters' ability to compete globally. One way to improve this number is to reduce the time gaps.

Time to junk 'jugaad'

Calcuttawala, the co-founder and CEO of Trezix, pinpoints the problem to the unorganised nature of logistics. "We do not have large freight forwarders in India. We do not even have our own shipping line and have overall control on the local market, which is quite large and unorganised. The custom house agents (CHAs) sometimes play the role of freight forwarders, apart from doing custom clearance. They are also very unorganised," he says.

Logistics players and exporters simply do not invest the time required to draw up effective route plans, says Calcuttawala. They don't have systematic demand aggregation — the process of consolidating transport orders to a destination so that the pricing and movement can be more gainful. "If you ask them how many containers or how many lorries or trucks you need to transport a large quantity, they will do the calculation in their heads rather than referring to a well laid out plan. This impacts the entire turnaround time."

This "mental math", as Calcuttawala calls it, means the logistics players often are unable to use a transport vehicle optimally.

Logistics players and exporters don't have systematic demand aggregation — the process of consolidating transport orders to a destination so that the pricing and movement can be more gainful.

He blames it on the “jugaad” culture instead of trying to find an organised system to monitor efficiency. “Once you start that, a mindset of improving things will come in automatically. But we are still in the mode of lazily doing things.”

Limitations at port

A lot of other restrictions also cause transport delays at ports.

He cites a common occurrence: Trucks have a time window to enter a port because of traffic restrictions. If there is a delay due to some reason and the window closes for the day, a trucker carrying goods for exports will have to wait somewhere for a day. This ends up causing a 24-hour delay for the truck to just reach the port. This can also postpone the completion of compliance and regulatory requirements and loading. It inflates the expenses of the trucker and the exporter might even lose the order.

Calcuttawala says many ports also have handling limitations. Certain ports have approval to clear only certain products. “For an exporter from Surat, Hazira port (distance of 32 km; 59 minutes by road) will be the nearest. But he might have to go to JNPT or Kandla port (Gurajat) which are 315 km (7 hours) and 562 km (10.5 hours) away, respectively, because of the goods involved.

These limitations related to commodities add to the delay in transportation. States such as UP, MP should have a mechanism to send their containers to a port that is not less than six to 12 hours away. That is the kind of optimisation required in logistics,” says the CEO of the company that, among others, is focusing on digitising the import-export process for SMEs.

Where are the ICDs?

While these problems plague the major ports and airports of the country, the status of inland container depots (ICDs) is worse. These depots play a big role by connecting ports to the hinterland — which receives and dispatches a lot of goods — and also serves as a container storage facility. But data from the Department of Commerce show while there were 129 ICDs in March 2017, only 80 are active.

In fact, some ICDs are not even connected by proper roads, says Arpita Mukherjee, Professor and Lead International Trade, Investment and External Relations, ICRIER. The lack of thought is evident even in airport development. “Look at the distance between Bengaluru and Bengaluru airport. Similarly, Chennai airport and ICDs in the state.

Inside airports also, consignments are taken out of the domestic airport, to the main road and then to the international airport for export. It is such a waste of time. If you put a conveyor belt between the domestic and international airport, you can save time. Sometimes we have to think out of the box instead of following the standard practice,” she says.

This unorganised ecosystem of logistics urgently calls for digitisation. In the era where everything is becoming smart, there is no reason logistics should be left behind.

Tech can help

Mukherjee says that the entire logistics infrastructure in India is very complicated and incoherent. A designated IT support structure could help streamline it. “I have seen regulators like FSSAI (Food Safety and Standards Authority of India) and others. They are given tablets to do real-time data entry. Similarly, we use a robust IT infrastructure to match the data at airports and seaports. If customs officials are not carrying a tablet, they have to go back to their offices to do the data entry. This can waste a lot of time,” she says.

Such systems are in place in several countries. There, the professor says, you just have to upload all documents for exports 24-72 hours in advance. If your document is incomplete, it will be flagged up. The same happens in case the consignment does not match the documents. You can also be easily caught for quality and safety. All of this happens fast and in real-time, says Mukherjee, who has worked closely with several governments and multilateral organisations.

Another issue behind the lag in logistics is the unnecessary airport checks of goods that are not even meant for the country.

Sometimes officials unload belly cargos — goods that airlines transport on passenger flights — coming from, say, Europe and going to some other country. It might only be passing through India but the officials take the cargo out of the aircraft, to the customs, and scan them. “This may create a little more earning for the airport operator, but it causes delays. It doesn't make logical sense. If there are doubts about the freight, this checking can be done for certain countries that you don't trust. But not every country," she says.

Recipe for growth

The country also has to find a way to streamline the way products are assigned to each mode of transport, says Veena Jha, CEO at Delhi-based Ikdhvaj Advisers LLP, which does economic and trade analysis. "We have to prioritise products which should go by air cargo and those which should go by sea. We can use air cargo for a lot of high-value and low-volume products. Sea cargos are best for heavyweight machines," she says.

It is not that India is faring badly on all fronts, says ICRIER's Mukherjee, pointing to the World Bank's Logistic Performance Index Report-2023, which says India's container turnaround time is better than those of Germany and Singapore. "Even our export volumes are rising," she says, adding that this means that trade will increase and the country should create a suitable infrastructure to keep with this growth.

Source: economictimes.com – July 12, 2023

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India's home furnishing industry in crisis, TN mills halt production

The reduced export demand for home textiles is severely impacting Indian production centres. Following a weekly production cut in Panipat, other home furnishing hubs such as Coimbatore and Tiruppur have been compelled to suspend production. In just the past week, approximately 400 open-end spinning and weaving mills have halted their production operations.

M Jayabal, president of the Coimbatore-based Recycled Textile Federation, told Fibre2Fashion, "Open-end spinners are incurring losses due to the high cost of raw materials and low prices of finished products. They can no longer afford to operate their mills at a loss." He clarified that cotton comber, their basic raw material, is currently priced at around ₹110 per kg. Consequently, their production costs amount to around ₹160-165 per kg. However, the mills are unable to recoup more than ₹150-155 per kg. Despite previously running with a partial production cut to help manage prices, the industry was compelled to fully suspend production from the first week of July.

According to industry sources, several industry bodies, including the Recycled Textile Federation (RTF) and the Open-end Spinning Mills' Association (OSMA), have decided to stop yarn and fabric production used for home furnishing products. An RTF press release revealed that waste cotton prices have been consistently increasing since 2022. Cotton comber prices, which were previously 40-50 per cent of the virgin cotton price, are now around 50-75 per cent of the pure cotton price. The industry is unable to similarly raise the prices of their finished products, such as grey cloth and home textile goods.

The higher power charges are further straining the industry. The Tamil Nadu Power Board has introduced the concept of peak hours for LT/CT electricity consumers, which involves charging 20% higher rates during these periods. G Arulmozhi, president of OSMA, previously detailed the industry's struggles. He expressed concern about mills being forced to pay more for electricity consumption and said that the current comber prices make it unfeasible to continue mill operations under present conditions.

Source: fibre2fashion.com– July 12, 2023

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RMG export to India crosses $1 billion

Bangladesh's garment export to India crossed the $1 billion mark for the first time last fiscal year riding on duty free entry and rising demand from a growing middle class.

The shipments soared 42 per cent year-on-year to $1,012 million in the July-June period of fiscal year 2022-23, according to data compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"It is a promising market and exports to this market are expected to grow," said Md Fazlul Hoque, managing director of Plummy Fashions Ltd, one of the leading knitwear exporters. The green factory also exports to India.

"India is a big market with a growing middle class. And demand from the middle class is rising," he said.

Apparel exports to the neighbouring country was just around $10 million 14 years ago. The earnings crossed the $100 million mark in fiscal year 2014-15.

And in the last three years till the end of fiscal year 2022-23, the exports grew nearly two and half times from $421 million in fiscal year 2020-21 thanks to the duty-free benefit for Bangladesh's products under South Asian Free Trade Area.

There might have been confusion in the past among buyers regarding Bangladesh's products, said Hoque, also a former president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"This has been sorted out for the quality for our products," he said.

There is scope for further growth in export in India, said Mohiuddin Rubel, a director of the BGMEA.

Not only India, garment exports to Australia also crossed the $1 billion-mark last fiscal year which ended in June.

Entrepreneurs sent $1,157 million worth of knitwear and woven garments to Australia in fiscal year 2022-23, registering a 42 per cent year-on-year growth.

"It is another big market. We also have scope to increase export there," he said.

Japan has also emerged as another promising market. Shipments to Japan, the second largest economy in Asia after China, surged 46 per cent year-on-year to $1,599 million in fiscal year 2022-23, according to the BGMEA.

"It is a fast fashion market and people in Japan have the purchasing capacity," said Rubel, also additional managing director of Denim Expert Ltd.

Overall, he said, garment export to non-traditional markets grew 31 per cent year-on-year to $8.37 billion in fiscal year 2022-23.

This led to an increase in the share of garment export to non-traditional markets by around three percentage points to 18 per cent of the total receipts of roughly $47 billion in fiscal year 2022-23.

In contrast, the share of export earnings from traditional markets, which is mainly comprised by the European Union, US and UK, declined as exports growth to the EU slowed while to the US fell.

Rubel said high inflation, overstocking of apparel by buyers and effects of the war in Ukraine were the reasons behind the slowdown in export of garments to traditional markets.

Source: thedailystar.net– July 13, 2023

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India to cut GST on imitation zari thread from 18% to 5%

The Indian government is set to reduce the GST rates on imitation zari thread, which is extensively used in various handicrafts and traditional Indian garments. The GST Council has proposed to cut these rates from the current 18 per cent to 5 per cent on this textile intermediate product. The decision was made at the 50th GST Council meeting, which took place in New Delhi yesterday.

The meeting was presided over by finance and corporate affairs minister Nirmala Sitharaman. Several measures were also recommended to streamline GST compliances, the ministry of finance said in a statement.

In addition to the proposed tax rate reduction, the Council has also recommended the regularisation of past GST payments related to this issue on an 'as is' basis. The Council further decided to clarify that the supply of raw cotton, including kala cotton, by agriculturists to cooperatives falls under the taxable category via the reverse charge mechanism. This is also to be regularised for past periods on an 'as is' basis.

Source: fibre2fashion.com– July 12, 2023

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CMAI to host National Garment Fair 2023 in Mumbai

The Clothing Manufacturers Association of India (CMAI) is set to host the 77th edition of the National Garment Fair 2023 (NGF 2023) in Mumbai from 18 July to 21 July 2023, the company announced in a press release.

Speaking about the festive apparel market, Rajesh Masand, president, the Clothing Manufacturers Association of India (CMAI), said, "The apparel industry in India holds significant importance within the country's economy. As the festival season of 2023 approaches rapidly, it becomes crucial for industry participants to closely observe consumer behaviour and trends to maintain a competitive edge."

Speaking about the NGF 2023, Rohit Munjal, vice president and chairman of the Fair Committee, Clothing Manufacturers Association of India (CMAI) said, "The business generated during this four-day trade event will provide valuable insights into the industry's sentiments and expectations for the upcoming festive season.

Spanning across two of the largest venues in Mumbai, this edition of NGF covers an approximate area of 8,00,000 sq. ft. and anticipates a significant turnout of over 35,000 visitors, which include national level Retailers and Distributors."

Over the course of four days, more than 1200 brands will participate in NGF 2023, presenting a diverse range of women's wear, men's wear, and accessories at the Bombay Exhibition NESCO Complex in Goregaon East, and kids' wear section at the Jio World Convention Centre in BKC.

Recognized as a highly anticipated Trade Fair in the Indian Apparel Industry, the National Garment Fair by CMAI serves as a vital platform for connecting national and regional brands, manufacturers, designers, and fashion accessories manufacturers with retailers, agents, distributors, and e-commerce companies.

The size of the Indian apparel market is estimated to be Rs. 6.80 lakh crores and has grown by between 15-20% in FY2023. However, with the costs of raw materials as well as all costs of production having gone up substantially, this growth has been entirely price-led, and the volumes would still be below the previous year by 3-5%.

Established six decades ago, the Clothing Manufacturers Association of India (CMAI) is the most representative association of the Indian apparel industry having over 4000 members and serving more than 20,000 retailers. Its membership consists of manufacturers, exporters, brands, and ancillary industry.

CMAI is the only Indian Association that represents the entire Indian Apparel Industry and Trade on prestigious international forums such as International Apparel Federation (IAF) headquartered in the Netherlands.

Source: indiaretailing.com– July 12, 2023

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