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IBTEX No. 135 of 2023 July 25, 2023

Currency Watch			
USD	EUR	GBP	JPY
81.78	90.63	105.03	0.58

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INTERNATIONAL NEWS

Euro area's government debt to GDP ratio dips slightly in Q1 2023

The general government gross debt to GDP ratio in the euro area has slightly declined, standing at 91.2 per cent at the end of the first quarter (Q1) of 2023 compared to 91.4 per cent at the end of the fourth quarter of 2022, as per the latest figures from Eurostat. Similarly, the European Union (EU) saw a small decrease in the ratio, from 83.8 per cent to 83.7 per cent.

The modest fall in government debt to GDP ratio for both the euro area and the EU is attributed to a rise in GDP outpacing the increase in government debt in absolute terms.

From a year-on-year (YoY) perspective, the ratio also decreased in both regions: in the euro area from 95 per cent to 91.2 per cent and in the EU from 87.4 per cent to 83.7 per cent, as per Eurostat.

The Q1 2023 data revealed some significant disparities among member nations. The highest ratios of government debt to GDP were found in Greece (168.3 per cent), Italy (143.5 per cent), Portugal (113.8 per cent), Spain (112.8 per cent), France (112.4 per cent), and Belgium (107.4 per cent). In contrast, the lowest were recorded in Estonia (17.2 per cent), Bulgaria (22.5 per cent), Luxembourg (28.0 per cent), and Denmark (29.4 per cent).

Eleven member states experienced a rise in their debt to GDP ratio compared to the final quarter of 2022, while sixteen experienced a decrease.

The most notable increases were seen in Luxembourg (3.4 percentage points), Belgium (2.2 pp), Austria and Latvia (both 2.1 pp), Romania (1.7 pp), and Hungary (1.5 pp).

The most substantial decreases were recorded in Greece (minus 3 percentage points), Cyprus (minus 2.5 percentage points), the Netherlands (minus 1.8 pp), Estonia (minus 1.2 pp), Sweden (minus 1.1 pp), Poland (minus 1 pp), Ireland and Italy (both minus 0.9 pp).

YoY comparisons show that six member states saw a rise in their debt to GDP ratio at the end of Q1 2023, while twenty-one saw a decrease. Luxembourg (5.4 pp), Czechia (1.7 pp), Latvia (1.1 pp), Romania (0.7 pp), Bulgaria (0.5 pp), and Finland (0.2 pp) had increases, while significant decreases were observed in Greece (minus 21.2 pp), Cyprus (minus 18 pp), Portugal (minus 10.8 pp), Ireland (minus 8.9 pp), Italy (minus 7.9 pp), Croatia (minus 6.4 pp), Slovenia (minus 5.2 pp), Spain (minus 4.6 pp), and Poland (minus 3.8 pp).

Source: fibre2fashion.com– July 25, 2023

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US FDI rises by $212.2 bn to $6.58 trillion in 2022 over 2021 figure

The US direct investment abroad, or cumulative level of investment, increased by $212.2 billion to $6.58 trillion at the end of last year from $6.37 trillion at the end of 2021, according to statistics released recently by the Bureau of Economic Analysis (BEA).

The increase reflected a $172.8 billion rise in the position in Europe, primarily in the Netherlands and the United Kingdom. By industry, manufacturing affiliates had the largest increase.

Foreign direct investment (FDI) in the United States increased by $216.8 billion to $5.25 trillion at the end of 2022 from $5.04 trillion at the end of 2021.

The increase mainly reflected a $142.2 billion increase in the position from Europe, with the largest increases from the United Kingdom and Germany. By industry, affiliates in manufacturing and wholesale trade accounted for the majority of the increase.

Investment by US multinational corporations (MNCs) in affiliates in five countries accounted for more than half of the total US FDI abroad at the end of 2022.

The position was largest in the United Kingdom ($1.1 trillion), followed by the Netherlands ($0.9 trillion) and Luxembourg ($0.6 trillion). Ireland ($0.6 trillion) and Canada ($0.4 trillion) rounded out the top five.

By industry of the directly owned foreign affiliate, investment was largest in holding companies, which accounted for 47.3 per cent of the overall position abroad in 2022.

Manufacturing affiliates were second largest, with 15.5 per cent, and finance and insurance affiliates were third largest, with 14 per cent, of US investment.

By industry of the US parent, investment by manufacturing MNCs accounted for 50.1 per cent of the position.

US MNCs earned income of $590.4 billion in 2022 on their cumulative investment abroad, a 3.6 per cent increase from 2021. Dividends, or repatriated profits, decreased by $19.1 billion, or 6.1 per cent, to $294.2 billion in 2022.

Japan remained the top investing country in the United States last year with $712.0 billion, followed by the United Kingdom ($663.4 billion), the Netherlands ($617.1 billion), Canada ($589.3 billion) and Germany ($431.4 billion).

FDI in the United States was concentrated in the manufacturing sector, which accounted for 42.4 per cent of the position.

Foreign MNCs earned $289.9 billion last year on their cumulative investment in the United States, a 1.7 per cent increase over the 2021 figure.

Source: fibre2fashion.com – July 24, 2023

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European exhibitors to show diverse offerings at Intertextile Apparel

Set to meet the growing demand for deluxe fabrics and bespoke services due to Chinese consumers' rising purchasing power, a wide range of European-designed apparel fabrics will be on display at this year's Autumn edition of the National Exhibition and Convention Centre (Shanghai).

With the fair taking place from August 28-30, 2023, the Hall 5.1's SalonEurope, Premium Wool Zone, and Verve for Design are expected to be high-traffic zones. In addition, multiple country and region pavilions and group pavilions have confirmed their participation to grasp the opportunities arising from the fair's numerous buyers. Meanwhile, fairgoers can fulfil further upstream sourcing at the co-located Yarn Expo Autumn in Hall 8.2.

This year's SalonEurope will feature quality fabrics and accessories suppliers from countries including Belgium, France, Italy, Switzerland, Türkiye and the UK. One key exhibitor is AG Cilander, Switzerland, an innovative producer of high-quality shirting materials. Their collections consist of new trends and quality designs, as well as work clothing and basic items for everyday use, the organisers said in a press release.

"Our objective for exhibiting is to learn and understand the Chinese market as it is full of potential. It is important for us to meet as many prospective buyers here as possible, and connect with our agents and introduce our best fabrics to them. Our target visitors are high-end Chinese buyers," Laora Argu Ell Es, textile director, Lesage Paris SAS, said.

Wool is one of the strong growth sectors of the domestic market. At the Spring 2023 edition, a record-high 32 exhibitors showcased at the Premium Wool Zone to cater to Chinese buyers' rising standards and their desire for top European wool fabrics.

"There's been a dramatic growth in wealth, and in the high-end clothing industry in China. In men's tailored clothing, business is very much face-to-face and experiential, and it's been important to be able to see our customers again and to showcase our collections," said Bob McAuley, president of HMS International, parent company of Huddersfield Fine Worsteds.

At the upcoming edition, local brands visiting the Premium Wool Zone will be able to source superior wool fabrics from the continent to create modern and internationally influenced garments. This zone's featured exhibitor is Linton Tweeds, the UK, which strives to provide the world's leading clothing brands and fashion designers with the best tweed fabrics. To maintain high standards, all fabrics are designed and woven at the supplier's in-house workshop in Carlisle.

Located in the same hall (5.1), Verve for Design will feature creative textile pattern designs from around the world, with designers pioneering trends for the upcoming seasons. Featured exhibitor, -, offers a collection of hand-drawn, colourful patterned fabrics that are made in France with eco-friendly inks. The studio presents its collections for fashion and furniture in Paris, New York and Shanghai.

With domestic and international brands constantly on the lookout for something different, unique elements are important for suppliers to stand out. Founder and CEO of the aforementioned company, Marine Julienne Rose Faure Bergeret, commented: "We specialise in designing hand-drawn patterns for kidswear, ladieswear and backpacks. Our booth has been really crowded throughout the three-day fair, especially with foreign visitors. We have received a lot of orders onsite."

A number of country and region pavilions from Hong Kong, India, Italy (Milano Unica), Japan, Korea, and Taiwan will be featured in the International Zone at Halls 4.1 and 5.1. In addition, group pavilions led by some of the industry's largest firms including ECOCERT, Hyosung, Korean Textile Centre, Lenzing, LYCRA, Oeko-Tex and Sorona, will display a wide range of cutting-edge synthetic fibres and yarns.

Intertextile Shanghai Apparel Fabrics – autumn edition will be held concurrently with Yarn Expo Autumn, CHIC, and PH Value. Intertextile Shanghai Apparel Fabrics – autumn edition 2023 is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre.

Source: fibre2fashion.com – July 24, 2023

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UK to consider Vietnam as CPTPP market economy in trade remedy probe

The United Kingdom recently decided to recognise Vietnam's manufacturing industries operating under market economic conditions within the framework of the former joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

It will not apply adverse regulations to goods imported from Vietnam in investigating trade remedy cases, the Vietnamese ministry of industry and trade said.

Vietnam has been recognised as a market economy in various forms by 71 nations and territories till now.

The decision will make it convenient for Vietnam's export items to be treated fairly and it will have more opportunities to expand its export markets.

The two countries target $10 billion worth bilateral trade riding on the CPTPP, according to Vietnamese media report.

With the United Kingdom recently signing the protocol on accession to the CPTPP, the number of CPTPP member states has increased to 12.

The addition of the new member is likely to raise the bloc's gross domestic product to nearly 16 per cent of the world's total from 12 per cent.

Source: fibre2fashion.com – July 25, 2023

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Great Britain's retail sector witnesses 0.7% rise in June 2023

Retail sales volumes of Great Britain are estimated to have risen by 0.7 per cent in June 2023 with increases across all the main sectors including non-food and non-store retailing except automotive fuel, following a rise of 0.1 per cent in May 2023—revised from an increase of 0.3 per cent.

Looking at the quarterly picture, retail sales volumes rose by 0.4 per cent in the three months to June 2023 compared with the three months to March 2023, the Office for National Statistics (ONS) said in a press release.

Non-food stores sales volumes rose by 1.0 per cent in June 2023, following a fall of 0.5 per cent in May 2023. Department stores reported that summer sales and increased footfall helped boost volumes.

Non-store retailing sales volumes rose by 0.2 per cent in June 2023, following a rise of 2.4 per cent in May 2023.

Automotive fuel stores sales volumes fell by 0.3 per cent in June 2023, following a rise of 1.7 per cent in May 2023.

Source: fibre2fashion.com – July 25, 2023

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SL Apparel Industry receives insights on EU Strategy for Sustainable & Circular Textiles

The Embassy of Sri Lanka in Brussels has conducted a virtual programme for the Sri Lankan Apparel Industry providing insights into the European Union's strategy for sustainable and circular textiles.

Issuing a statement, the Embassy of Sri Lanka in Brussels said the online briefing session was conducted in collaboration with the Sri Lanka Export Development Board (EDB) on July 20, 2023.

According to the Embassy, the event aimed to enlighten stakeholders within Sri Lanka's apparel industry about the European Union's progressive approach towards sustainable and circular textiles. The briefing session was conducted by a senior expert, Mikael Garellick, at the Textile Unit of the Directorate General of the International Market of the European Commission.

The virtual event brought together key players from Sri Lanka's apparel sector, including the Sri Lanka Joint Apparel Association Forum (SLJAAF), government representatives, and industry experts, to foster meaningful discussions about the future of textiles in the context of environmental sustainability.

The EU Strategy on Sustainable and Circular Textiles, introduced by the European Commission, is a crucial initiative to promote sustainability in the fashion and textile industries. It encourages eco-friendly practices and aims to reduce the environmental footprint of textiles throughout their lifecycle. Given that the EU is a significant trading partner for Sri Lanka's textile exports, understanding and aligning with this strategy holds great significance for the country's apparel sector.

During the briefing session, Mikael Garellick from the European Commission provided in-depth insights into the EU's approach to sustainable and circular textiles. He highlighted the policies, standards, and potential collaborations that can aid Sri Lanka's apparel industry in its pursuit of eco-friendly and sustainable practices. Participants had the opportunity to engage in a Q&A session, discussing specific challenges and opportunities relevant to the industry's transformation to sustainable practices.

The Ambassador of Sri Lanka to Belgium and the European Union, Grace Asirwatham, emphasized the paramount importance of Sri Lanka's apparel industry's transformation to sustainable practices, aligning it with the EU Strategy on Sustainable and Circular Textiles to harness significant market benefits in the EU in the future.

Acting Director General of the EDB, Malani Baddegama, explained that Sri Lanka's major export to the EU is apparel items and the benefits that it enjoys under the GSP Plus scheme. She further acknowledged the significance of such briefings and thanked the European Commission official for the insightful briefing.

Source: newswire.lk– July 24, 2023

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Cambodia's apparel exports to Thailand rising; fabric imports decline

Cambodia's apparel exports to Thailand are on the rise, with a reported increase of 6.5 per cent to more than $527 million in the first half of 2023. However, there's been a recent slowdown in the country's fabric imports. Cambodia relies heavily on fabric imports for its garment industry and exports apparel to Thailand.

In the first quarter (Q1) of 2023, Cambodia's apparel exports to Thailand soared over 80 per cent to $20.936 million, with shipments reaching $25.450 million within the first four months of this year. Cambodia exported apparel worth $17.875 million in Q4 2022, and $11.636 million in Q1 2022 to Thailand.

Remarkable growth in outbound shipments was observed not only in 2023, but also in the preceding year. Exports from Cambodia to Thailand totalled $57.604 million last year, a substantial rise from the $41.010 million recorded in 2021. The trade, however, plummeted to $73.986 million in 2020 and further to $41.010 million in 2021. It was noted at $95.806 million in 2019, according to Fibre2Fashion's market insight tool TexPro.

While Cambodia does import apparel from Thailand, these imports are in limited quantities. In January-April 2023, it imported apparel worth $6.387 million. Last year, imports amounted to $11.567 million, up from $7.099 million in 2021.

Cambodia's fabric imports from Thailand were valued at $31.350 million during the first quarter of 2023, which shows a slowdown when compared to $33.390 million in Q4 2022 and $43.669 million in Q1 2022. The value of fabric imports reached $42.887 million between January and May 2023, as per TexPro.

In terms of annual import values, Cambodia imported fabric worth $156.588 million in 2022 from Thailand, up from $123.131 million in 2021. The numbers were lower in 2020, with the value of imports being $108.670 million, and slightly higher in 2019 at $133.145 million.

Source: fibre2fashion.com – July 25, 2023

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Better Cotton, CEA unite to enhance Egyptian cotton programme

Better Cotton, the world's largest cotton sustainability initiative, and Cotton Egypt Association (CEA), the organisation responsible for promoting and protecting Egyptian cotton worldwide, have announced a new strategic partnership to expand the Better Cotton programme in Egypt.

The programme was first launched in 2020 by the Egyptian Cotton Project, implemented by the United Nations Industrial Development Organization (UNIDO) and funded by the Italian Agency for Development Cooperation and International Islamic Trade Finance Corporation (ITFC). This collaboration aims to further enhance the sustainability and quality of Egyptian cotton production while ensuring fair working conditions for farmers, Better Cotton and CEA said in a joint press release.

Egyptian cotton is renowned globally for its exceptional quality, softness, and durability. With a rich history dating back to the 19th century, it has become a symbol of luxury and excellence in the textile industry. However, in recent years, challenges such as climate change, water scarcity, and fluctuating market demands have posed significant threats to the sustainability of Egyptian cotton farming.

Recognising the need for proactive measures to safeguard the future of Egyptian cotton, CEA has joined forces with Better Cotton in Egypt. Through this renewed strategic partnership, both parties will work together to expand the implementation of sustainable farming techniques, provide further training and support to farmers, and ensure compliance with rigorous environmental and social standards. By adopting these practices, Egyptian cotton farmers will be supported in reducing water consumption, decreasing chemical pesticide usage, and improving soil health, ultimately leading to more sustainable and resilient cotton production.

Furthermore, this partnership will enable CEA to leverage Better Cotton's extensive network of industry stakeholders, including brands, retailers, and textile mills committed to sourcing sustainable cotton. This collaboration will further facilitate increased market access for Egyptian cotton products, ensuring a fair return for farmers and supporting the growth of the Egyptian textile industry.

"We are excited about this strategic partnership with Better Cotton in Egypt," said Khaled Schuman, CEA's executive director. "By combining our expertise and resources, we can drive positive change in Egyptian cotton farming practices and secure a sustainable future for our industry. This collaboration aligns perfectly with our vision to globally authenticate the legacy of Egyptian cotton."

Alan McClay, chief executive officer of Better Cotton, commented: "Egypt's cotton is globally renowned, and our renewed strategic partnership with Cotton Egypt Association will allow us to build on our work to make cotton farming in the country a more climate resilient, environmentally friendly, and responsible activity. We look forward to working with CEA to help Egyptian cotton communities survive and thrive, while protecting and restoring the environment."

Better Cotton and CEA are confident that this strategic partnership will contribute to the long-term viability and competitiveness of Egyptian cotton, while also addressing the growing demand for sustainable and ethically produced textiles.

Source: fibre2fashion.com – July 24, 2023

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Pakistan's textile sector faces headwinds as the country copes with economic instability

Pakistan's exports share in the international market has dropped to 1.76 per cent due to expensive electricity. As per APTMA, textile exports dropped to $35.21 billion in FY2022-23 compared to $39.59 in FY2021-22. Moreover 50 per cent production capacity of textile mills is not being utalised and with high electricity rates exports are expected to move down even more.

Passing through tough times

The world is witnessing Pakistan's ongoing battle to save itself from financial default, despite a $3 billion IMF loan to be received in installments, followed by loans from Saudi Arabia and the UAE. The nation is struggling with record inflation, high energy prices, severe forex liquidity crisis that's stalled imports, continuous political upheavals. This has hit manufacturing sectors including the textile industry hard.

This financial year, saw a massive decline in textile exports of almost 15 per cent valued at $2.8 billion. To make matters worse, as the government and opposition continue their stand-off, so, intervention through quickly-implementable policies are nowhere in the picture.

In this scenario, Bangladesh has seized the opportunity and lured many Pakistani textile manufacturers to its cost-friendly, professional and productive shores. Bangladesh has the added attraction of providing tax-free access to RMG and textiles to 37 countries.

Devaluation didn't help, instability made it worse

The country's economic think-tank had advised a devaluation of Pakistan's Rupee to boost exports. However, as the devaluation happened on the back of a severe economic crisis and not in a planned manner, it backfired.

As export-oriented textile sector is reliant on import of raw material, machinery and parts, things started falling apart when the country's central bank gave directives to all commercial banks to stop issuing LCs due to a crucial forex shortage.

The blow was hard and forced many to stop operations and some to operate at half or quarter of their productivity level. Moreover, with a devalued currency, importing became expensive, shooting overheads up and pricing therefore, becoming non-competitive. What made it worse was the complete lack of stabilizing policies to spearhead a growth of 25 to 40 per cent. The industry has been waiting hopelessly since 2014, as two successive five year policies lie in cold storage and banks hiked borrowing rate to 22 per cent.

Lack of raw material another letdown

Lack of fiber, cotton and PSF have reduced or closed operations of many factories as both these fibers were to be imported in large quantity in an environment where LC's were not being opened or honored. This brought to focus the urgent need for establishing a reliable local supply of cotton and PSF to avoid such situations in future.

Pakistan's cotton farming, which is crucial to the textile industry, faces daunting challenges due to climate change, rising temperatures, unpredictable rainfall, and water scarcity resulting in lower crop yields and diminished quality. Result: cotton production and productivity has reached a 40-year low. This not only jeopardizes farmers' livelihoods but also threatens sustainability and profitability of the entire textile industry. When the situation was at its lowest, the floods of 2022 destroyed vast amounts of cotton crop. In fact, amongst cotton-producing countries, the yield per hectare is one of the lowest in Pakistan.

Absence of working capital

Meanwhile, the withdrawal of zero-rating (SRO 1125) and the imposition of an 18 per cent GST on export-orientated sectors have had a negative impact, especially now that the FASTER system is not working and refunds are held up. The higher cost of doing business, unsustainable working capital levels, higher interest rates, and currency depreciation have formed obstacles for new projects and export expansion. High-borrowing rates and banks being stringent in loan approvals, working capital has reached scarcity levels.

The government has to take a step back and begin implementing the 2020-24 policies which includes cotton farming, energy supply and price control as well as look outward to guarantee investors a safe haven.

Source: fashionatingworld.com– July 24, 2023

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NATIONAL NEWS

Joint outcome statement: UK-India round eleven FTA negotiations

On 18 July 2023, the United Kingdom and the Republic of India concluded the eleventh round of talks for the UK-India Free Trade Agreement (FTA).

As with previous rounds, this was conducted in a hybrid fashion - a number of Indian officials travelled to London for negotiations and others attended virtually.

On 10-11 July 2023, Union Minister for Commerce and Industry, Consumer Affairs, Food & Public Distribution and Textiles, Government of India, Shri Piyush Goyal, visited the UK as part of the eleventh round of the UK-India FTA negotiations.

He met with Rt. Hon Kemi Badenoch MP, the Secretary of State for Business and Trade, and Hon Nigel Huddleston MP, the Minister of State for International Trade, where they discussed ways to make progress on the FTA negotiations and wider trade and investment opportunities for the UK and India.

Commerce Secretary, Government of India, Shri Sunil Barthwal, also visited the UK during the round. He met with senior UK trade officials and took stock of the progress made in the eleventh round of negotiations.

Technical discussions were held across 9 policy areas over 42 separate sessions. They included detailed draft treaty text discussions in these policy areas.

The twelfth round of negotiations is due to take place in the coming months.

Source: pib.gov.in– July 24, 2023

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Cotton industry to see revival in FY24

After a lacklustre year, the cotton industry is keenly anticipating a revival with a sales volume expected to grow by 5-7% over last year. Industry observers maintain that the optimism is pegged on factors such as alignment of Indian cotton prices with international prices, a shift in demand from competing nations, and gradual recovery in demand from China.

Expectations of a good festival season for retailers in the domestic market and a rebound in global demand from downstream industries is also expected to give a leg up to the Indian cotton industry which is trying to recover from the poor performance in FY23.

Commenting on the expected performance of the industry in the coming months, Ashwin Thakkar, vice president, Textile Association of India, said, “The industry is slowly making its way out of the trouble and the coming months are going to be brighter for the cotton industry. People have spent much on travelling and personal care and this festival season is expected to witness a healthy demand for the textile sector, especially the retail business may see a very strong demand.”

He said, “The global demand for Indian products may not see much change in the short term because we do not see any end for the Ukraine-Russia conflict which is impacting the demands in European and American markets which are our major export destinations.

But South Asian countries are doing well and may change the demand patterns in the second half of the year.”

According to a CareEdge report, the Indian cotton yarn industry is likely to register a sales volume growth of 5-7%, while the operating margin is expected to expand by 100-150 bps in FY24 compared to FY23. Last year, the cotton production in India declined from 35.2 million bales in Cotton Season (CS) 2020-21 to 31.1 million bales in CS 2021-22.

The lower cotton production caused a steep surge in the cotton prices. The average domestic cotton price registered a peak of around `1 lakh per candy (`280/kg) in FY23.

The mismatch between the domestic and international prices impacted the cotton exports significantly and India witnessed its lowest cotton yarn exports in a decade. In FY23, India's cotton yarn export stood at 664,000 tonne against the decade's highest exports of 1,389,000 tonne in FY22.

Despite troubles last year, the cotton farmers are enthusiastic about the fibre crop. As per the recent data by the Government of Gujarat, as of July 17 last, the farmers have already completed the sowing of cotton for 2.53 million hectare of land in Gujarat. This area is slightly lower than the last year's area of 2.55 million hectare, but the sowing season will go on for at least two more weeks and it is expected that the total area under the crop will exceed the area last year.

After hitting a high of around ` lakh per candy, currently, the domestic cotton price is between `56,000 – `57,000 per candy. This price of cotton is in parity with the international prices and will increase the competitiveness of Indian cotton in the global market.

According to PR Roy, a veteran insider who has been at helm of a leading textile company and is current business partner in Diagonal Consulting, "Despite price parity of the domestic market with the international markets, there may not be any significant change in the exports from India because overall demand of crude cotton/ fibre has decreased.

Recycling and reprocessing of the cotton is being done at a significant level and the Dollar-Rupee exchange will also play an important role as it is making the exports incompatible for Indian producers."

He further added, "As a major cotton player in the global market, we are not doing anything special to tap into our export potential. If we want to achieve our full potential then we will have to put our mind and thought into converting the available raw material into high-end finished apparel products. The value addition is necessary because the high-end market has the potential to absorb the products."

Source: financialexpress.com– July 25, 2023

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Downhill driving: On India's overall trend of exports

After hitting a record $775 billion in 2022-23, India's exports are off to a rocky start this year. Outbound shipments of goods, that had crossed $450 billion last year, have contracted 15.1% through the April to June 2023 quarter.

June's provisional export tally, just shy of $33 billion, was the lowest figure in eight months and reflected a 22% drop year-on-year, a scale of contraction last seen amid the initial months of the COVID-19 lockdowns. There has been a decline in the import bill as well over the first quarter, albeit at a slower pace than exports.

This 12.7% dip is largely driven by the prevalence of lower commodity prices this year compared to the same quarter last year, when the import bill had shot up 44.5% after the Russia-Ukraine conflict erupted.

Excluding gold and oil imports, the value of shipments coming into the country is down 10.5% in the first quarter. Sequentially, the decline in non-oil, non-gold imports has accelerated from 2% in May to 16.7% in June, indicating that domestic demand triggers are also ebbing.

While this implies the goods trade deficit may not widen as it had last year, it does not augur well for domestic growth impulses that form India's key armour against the gathering global slowdown.

Services exports are still growing but at a far more sombre pace. That IT majors, who drive most of these intangible exports, have been tentative and decidedly downcast about their earnings guidance for this year, indicates the tide may get worse.

Frail global demand may not just impact trade flows but also hurt foreign direct investments even as tightening monetary policies could exacerbate financial market volatility.

As the Finance Ministry noted recently, if these trends deepen, the 6.5% growth hopes for the year could wobble. But retail sales in the U.K. have improved in June, although fractionally. The U.S. Treasury Secretary Janet Yellen has exuded confidence that a recession in the world's largest economy may be averted after all.

Inflation numbers have eased in Europe and the U.S., triggering hopes of interest rate pauses instead of further tightening to throttle demand and activity. While driving on the hills, one has to prioritise the movement of vehicles climbing up, even if that means reversing a descending automobile up to a point of safe passage.

Within the overall downhill trend of exports, the few bright spots such as rising shipments of electronic goods must flourish while trade curbs or obstacles affecting other products must be reviewed. Indian policymakers should redouble efforts to improve competitiveness vis-à-vis rivals such as Vietnam, and keep a closer watch on divergent trends in different markets to help exporters capture incremental, even if fractional, global demand.

Source: thehindu.com– July 24, 2023

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India's supplies to Russia remain low due to quality issues, exporters' fear of sanctions

India's expectations of a jump in goods exports to Russia, to partly balance a steep rise in its oil imports from the country following Western sanctions last year, are unlikely to be realised any time soon going by the trend so far.

Manufacturers, especially of network products, such as computers, electronics and telecom equipments with global value chains, are hesitant to export, fearing third-party sanctions on them while Moscow itself is not interested in buying non-sanctioned products such as food and pharmaceuticals as they have quality issues, sources tracking the matter have said.

While India's imports of goods from Russia, dominated by crude oil, were valued at $11 billion in April-May 2023 posting a 206 per cent increase (year-on-year), its exports to the country were barely $600 million, although they were higher by 161 per cent due to a very low base, according to Commerce Department data.

"Following the imposition of the West's economic sanctions on Russia due to its attack on Ukraine last year and subsequent increase in India's purchase of discounted oil from the country, both nations understood the need for Russia to buy more from India for the success of the rupee payment mechanism designed to circumvent Western sanctions. Russia even handed over lists of items to India where its industry had shown interest in sourcing from the country. But it did not lead to much and the latest trade figures reinforce that," an official told businessline.

The fear of third country sanctions by Western countries amongst Indian exporters of network products, that are part of a global value chain, such as computers, electronics and telecom equipments, have been stopping them from exporting to Russia, the official explained.

"Most of the demand from Russia for imports from India is for items such as electronics and machinery. Many exporters of such items in India are dealing with advanced economies (who have imposed sanctions on Russia). They may be exporting to them or may have taken technology transfer. They are not willing to export to Russia as they fear possible sanctions," said Ajay Sahai, Director General, FIEO.

Not in demand

Other essentials that are not under sanctions, such as food and pharmaceuticals, are not in demand from Russia as they have issues with the quality of items produced in India, another official pointed out. “The Russians are used to buying Western products. They have quality issues with many of our items. That is why they do not place orders,” he said.

As Indian exporters fear to sell what Russians want to buy and Russia doesn’t want to buy what India is ready to sell, the numbers are not going up.

In 2022-23, India’s imports from Russia increased 368 per cent (year-on-year) to $46.2 billion. Its exports in the same year were at $3.14 billion, down 3.3 per cent. Trade deficit was at $43 billion in 2022-23.

Source: thehindubusinessline.com– July 23, 2023

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Omni-channel solution to Indian retail challenges in 2023: Unicommerce

Demand fluctuation, fulfilling consumers' expectations, behavioural changes of customers, integration of channels, technical difficulties and quality control are some of the major challenges faced by Indian retail now, Unicommerce eSolutions said.

Omni-channel retail is a solution to overcome retail challenges in India this year, a blog by the Indian e-commerce-focused supply chain software-as-a-solution technology platform noted.

Ship from the store, ordering offline-return online or vice versa, and routing online orders to offline stores are some of the services that businesses are making the most of, it said.

While India's retail market is estimated to reach nearly 2 trillion by 2032, e-commerce alone has been estimated to cross the $350 billion mark by 2030, growing at a compounded annual growth rate of 23 per cent, and have a market penetration of 12 per cent.

E-commerce retail, clubbed up with traditional selling strategies, is going to be the need of the hour, it noted.

Both a sudden hike and an unexpected dip in demand could create clusters and dilemmas in the minds of sellers. The only way to fight this is to develop a strategy or system to track and monitor inventory while aligning it with market demand.

As customers are no longer forced by 'brand loyalty', it has become difficult for retailers to retain old customers and optimise their sales between old and new customers.

Online and offline experiences can and should be complementary. But the problem arises when retailers are unable to integrate multiple channels. Due to this, customers have a different experience every time they buy from you. The sellers should have a holistic view of the customers, regardless of the channel they are using, the blog suggested.

Retailers today need to invest in technology that can help them handle the huge amount of data generated. Technology will help win a competitive advantage over competitors, it noted.

To be a step ahead of competitors, retailers need to change investment strategies, including operational planning, it noted.

Source: fibre2fashion.com– July 25, 2023

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High demand drives cotton yarn prices up in north India

After a long period of waiting, north India has seen an increase in the prices of cotton yarn. The material was traded for ₹4 per kg higher in the Ludhiana and Delhi markets today. Trade sources stated that there was a significant increase in demand from the weaving industry, which bolstered confidence in an upward trend in the future. The continued increase in cotton prices also provided solid justification for the rise in yarn prices. Traders believe that a higher Minimum Support Price (MSP) for cotton in the coming season will support a rise in the entire value chain.

The Ludhiana market noted an upward trend in cotton yarn prices. The intermediary raw material was traded at a higher rate of ₹4 per kg. A trader from the Ludhiana market told Fibre2Fashion, "Spinning mills are confident about higher demand in the near future. They have ceased or reduced the discounts they provide to buyers, demonstrating their confidence."

The 30-count cotton combed yarn was sold at ₹257-267 per kg (GST inclusive), while the 20 and 25 count combed yarn were traded at ₹246-251 per kg and ₹251-256 per kg, respectively in Ludhiana. The carded yarn of 30 count was noted at ₹236-246 per kg, according to Fibre2Fashion's market insight tool TexPro.

The Delhi market also reported a rise in cotton yarn prices, driven by higher demand. A trader from the Delhi market told F2F, "The market was anticipating support from the downstream industry due to the upcoming festival season. It finally received that support, as buying interest increased. It will be critical to see whether this positive trend will persist in the coming weeks." The steady demand will reassure the market about the future trend.

As per TexPro, the 30 count combed yarn was traded at ₹264-266 per kg (GST extra), 40 count combed at ₹294-296 per kg, 30 count carded at ₹236-240 per kg and 40 count carded at ₹266-270 per kg in Delhi.

However, not much activity was observed in the Panipat market's recycled yarn segment. The prices of recycled yarn and its raw materials remained stable. Cotton comber and recycled polyester fibre prices remained steady. According to trade sources, the industry is sitting on a large inventory and has over-production capacity, which is negatively affecting market sentiment.

In Panipat, the 10s recycled PC yarn (grey) was traded at ₹77-82 per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (black) at ₹50-54 per kg, 20s recycled PC yarn (grey) at ₹92-97 per kg, and 30s recycled PC yarn (grey) at ₹135-145 per kg. Comber prices hovered at ₹180-120 per kg. Recycled polyester fibre (PET bottle fibre) was noted at ₹71-73 per kg.

North Indian cotton prices continue to rise due to the increased demand from spinning mills. According to trade sources, mills are experiencing a higher demand from the weaving industry, and they are confident about seeing an increase in the value of this natural fibre. Cotton prices were ₹25-75 per maund (37.2 kg) higher than the previous week. The natural fibre was traded at ₹5,950-6,050 per maund in Punjab, ₹5,800-5,900 per maund in Haryana and ₹6,050-6,200 per maund in upper Rajasthan. In lower Rajasthan, the natural fibre was sold at ₹55,700-57,200 per candy (356 kg).

Source: fibre2fashion.com– July 24, 2023

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Indian exporters on Amazon Global Selling see nearly 70% business growth during Prime Day

Indian exporters on Amazon Global Selling saw nearly 70 per cent business growth (y-o-y), going past the average growth rates in the previous editions of the two-day sale event.

During the Prime Day event held globally on July 11 and 12, Indian exporters sold thousands of ‘Made in India’ products to customers across the world.

In the event, the beauty sector registered the highest growth at 125 per cent. It was followed by the apparel sector which saw a growth of 122 per cent, home by 81 per cent, furniture showed a 75 per cent growth and kitchen with 52 per cent growth, witnessing the highest growth. US, UK, and Middle East drove business growth for Indian exporters.

Several globally popular Indian brands such as Homespun Global, California Design Den, Glamburg, Indo Count, Skillmatics, and Himalaya participated in Prime Day 2023.

‘Key growth period’

“With more than 200 million Amazon Prime members globally, Prime Day has always been a key growth period for Indian exporters on Amazon Global Selling. This year, we saw thousands of exporters from across the country take lakhs of ‘made in India’ products to customers worldwide.

With more and more people relying on e-commerce globally, we believe Amazon Global Selling will help accelerate the export business for sellers of all sizes,” said Bhupen Wakankar, Director Global Trade, Amazon India.

Ahead of Prime Day 2023, Amazon worked with Indian exporters on global selling to identify key shopping trends and bring in relevant product assortment, apart from supporting them in areas like cross-border logistics, payments, etc. to get their inventory ready and recommending a range of deals and advertising options to choose from.

Source: thehindubusinessline.com – July 25, 2023

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Three-day textile expo begins at Texvalley in Erode

A three-day Textile Accessories Garment (TAG) Expo was inaugurated at Texvalley, an integrated textile marketing centre at Chithode, here on Monday.

Minister for Handlooms and Textiles R. Gandhi and Minister for Housing and Urban Development S. Muthusamy, in the presence of MLAs E.V.K.S. Elangovan and A.G. Venkatachalam, inaugurated the expo that will be held till July 26.

Organisers said the South India's largest B2B expo was held ahead of Deepavali and festival seasons, and textile manufacturers and traders from various States were participating. As many as 200 stalls exhibiting various fabrics and fashion and latest trends in the textile industry were the key attractions. Also, buyers, wholesalers, agents and merchandisers, members of 150 associations were also participating. A fashion show would be held on Tuesday.

Source: thehindu.com – July 24, 2023

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