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INTERNATIONAL NEWS

Study reveals China's diminishing share in global textiles, clothing trade post-pandemic

Changes in global trade between nations have been the most drastic in post-Covid years and the World Trade Organization (WTO) is working hard to ensure that smooth trade flows return at the earliest, especially in the apparel segment.

A recent study by The World Trade Statistical Review 2023 and data from the United Nations (UNComtrade) have showcased some interesting trends in international trade, especially in textiles and clothing space that were affected by rising geopolitical tensions and changed trade policies with China.

Four key trends emerge in changed global trade relations

As per Sheng Lu, Associate Professor, Department of Fashion & Apparel Studies, University of Delaware four strong patterns have emerged which are quite different from the past couple of years. Firstly, after the unprecedented frantic buying trend with a stupendous 20 per cent growth in 2021 - right after the global lockdown clothing exports recorded a decrease in 2022.

This could be attributed to the economic slowdown and high inflation in leading apparel import markets of the US and Western Europe. Also, reducing demand for raw materials needed to manufacture the personal protective equipment (PPE), led to global textile exports falling 4.2 per cent in 2022, touching $339 billion. This was far lower than other sectors.

The second pattern as per Sheng Lu is, although China remained the world's largest apparel exporter in 2022, it continued to lose market share, with other low-cost Asian apparel exporters taking over. Countries like Bangladesh surpassed Vietnam and emerged the world's second-largest apparel exporter.

China's global market share in clothing exports came down to 31.7 per cent in 2022, which was its lowest point ever in its recent history, having lost market share in the US, the EU, Canada, and Japan. Heightened apprehensions about forced labor and the deteriorating US-China relations became important factors in China being nudged out of smooth and ethical global apparel trading markets.

The third pattern that emerged is, the EU countries and the US remained at the helm steering the apparel markets, while accounting for 25.1 per cent of the world's textile exports in 2022, up from 24.5 per cent in 2021 and 23.2 per cent in 2020. Textile exports in the US increased 5 per cent last year, which was the highest among the world's top 10 countries. However, the middle-income developing countries are steadily increasing their share with China, Vietnam, Turkey, and India's market shares in world's textile exports together making up 56.8 per cent of global clothing exports last year.

With increased focus on near-shoring, particularly in the Western countries, the regional textile and apparel trade models have become far more integrated in 2022, in the fourth emerging pattern. Almost 20.8 per cent of these countries' textile imports came from within their region last year, which increased from 20.1 per cent in previous year.

China's diminishing strength

Not just the western countries, The World Trade Statistical Review 2023 has proven that even Asian countries are now diversifying their textile imports away from China to mitigate supply chain risks and all this is leading to a changed expansion for the better, states Sheng Lu.

The after-effects of the pandemic has been felt by the fashion industry much more than the others as the unpredictable customer demand in various countries has affected business and the international textile and apparel industry globally.

The WTO and other global organizations are now putting renewed commitment to multilateralism, better transparency and global opportunities for collaboration and reform as other smaller countries join the bandwagon to compete with the biggest but not necessarily the best in in the trade segment.

Source: fashionatingworld.com – Aug 24, 2023

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China's freight volume grows 7.1% YoY in July 2023

China’s transport sector displayed a steady recovery in July 2023, reflecting a continued bounce back in the country’s economy. The freight volume grew 7.1 per cent year-on-year (YoY) to 4.74 billion tonnes, accelerating from a 4.3 per cent rise in June 2023, as per the ministry of transport.

Furthermore, the country’s port throughput increased by 6.6 per cent to 1.43 billion tonnes, and container throughput reached 27.05 million twenty-foot equivalent units, a YoY rise of 2.6 per cent. These statistics add to the signs of ongoing recovery in the world’s second-largest economy.

The consistent growth in China’s transport sector offers a promising insight into the resilience of the country’s economic recovery. The data for July illustrates the ongoing progress and suggests a favourable outlook for the transport industry as China continues to navigate the global economic landscape.

Source: fibre2fashion.com– Aug 25, 2023

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Asian garment makers call for more help from brands to adapt as Europe calls time on fast fashion

August 21 - Among the biggest seismic shifts set to transform the global textile industry in coming years is the new European Union Strategy for Sustainable and Circular Textiles.

First proposed in May 2022, the framework was formally passed in the European Parliament this June. "It's a masterplan that describes what it would take to get Europe to become sustainable in textiles," explains EU parliament member Pernille Weiss, who is a shadow rapporteur of the new strategy.

The framework proposes that by 2030, all companies selling textiles – clothes, mattresses, car upholsteries, and the like – will have to meet certain standards in order to sell their wares to customers in the EU. This includes making sure products are durable, free from hazardous substances, and comprise mainly recyclable fibres. Human rights must also be protected at all stages along the supply chain, and manufacturers will now be responsible for the waste their products generate, with a ban on destroying unsold or returned textiles.

The strategy remains non-binding for now, but the next steps are "to recast and update current directives and regulations so that they echo what we have suggested in the strategy", in addition to creating new ones, says Weiss. She and her colleagues are currently studying up to eight such legislative acts, including the textile labelling regulation and Waste Framework Directive, with "the first wave of the new lawmaking processes" expected after the EU elections next summer.

The changes will have a resounding impact throughout Asia, whose manufacturers supply more than 70% of the EU's textiles. "The new strategy is a big deal," says Sheng Lu, an associate professor of fashion and apparel studies at the University of Delaware in the U.S. "If Asian companies want to sell their products in Europe in the future, they have to comply with many components of the strategy."

A spokesperson for H&M, one of Europe's largest fashion retailers, said the company welcomed the EU's new move. "The way fashion is produced and consumed needs to change, this is an undeniable truth," they said.

"We support efforts that aim at driving progress towards a more sustainable fashion industry."

The Swedish giant sources from 1,183 tier 1 factories, employing 1.3 million people, most of them women. It says it is working with its 605 product suppliers, located mainly in China and Bangladesh, to enact changes that will bring imports in line with the new strategy.

This includes initiatives such as the Fashion Climate Fund, which supports suppliers in transitioning towards renewable energy, improving efficiency and scaling sustainable practices. The firm also supplies funding, via the Green Fashion Initiative, to factories looking to invest in new technologies and processes to reduce their reliance on fossil fuels. Additionally, it launched the Sustainable Supplier Facility initiative for other brands to co-invest in projects that support apparel suppliers in their decarbonisation journey.

"There is a critical need for collaboration between brands buying from Asian manufacturers and the manufacturers themselves," said H&M.

Still, textile-exporting countries are aware that the clock is ticking. "Sustainability has become the topmost priority for Europe, one of the most important export markets for Indian garments," says Naren Goenka, chairman of India's Apparel Export Promotion Council. The country exported $4.8 billion worth of textiles to the EU in the first 10 months of 2022 alone.

"It's high time for India to gear up – sustainability is no more a choice for us," he says.

Some firms in the country have already been making strides in this direction. For instance, Chetna Organic, a farming co-op in Yavatmal, west India, has been growing cotton organically without the use of synthetic chemicals or pesticides since 2004. Today, it comprises more than 15,000 farming families.

In Sri Lanka, garment producer Hirdaramani Group has achieved net-zero carbon emissions across its manufacturing division, and is now working towards slashing its water consumption by 50% while upping its use of sustainable raw materials to 80% by 2025.

Singapore-based Ramatex, which manufactures sportswear in factories across Asia for brands such as Nike and Under Armour, has been part of a research programme convened by the non-profit Forum for the Future investigating how to produce clothing that doesn't shed microfibres.

In Taiwan, meanwhile, textile producer Yee Chain is working with its sportswear clients to figure out how to reduce fabric waste in the footwear manufacturing process, which can see up to two million out of the 48 million pairs of shoes it produces annually being destroyed.

"Obviously the production needs to be better," says Yee Chain's sustainability manager Martin Su. "There's a lot of things that can be done in a less polluting way or one that uses less resources and power."

Unfortunately, these firms are the exception rather than the rule. "There are some glimmers on the horizon, manufacturers who have invested in new technology and are doing well," says Nicole van der Elst Desai, a Singapore-based textile innovation expert who consults for Forum for the Future. "But I think for the majority, we see that they have not been exposed that much and have been doing business as usual."

A key roadblock in the path to meeting the new European Union standards is having sufficient knowledge and know-how, she says. "Producers first have to understand how they can contribute proactively to reducing the impact of the industry."

This includes discerning which raw materials are sustainable and suitable for use, how to source them and set up supply chains; what kind of machinery is needed for processing them into fabrics; how to scale; and, finally, how to dispose of textiles appropriately at their end-of-life. On top of this, producers will have to digitalise certain aspects of their operations, such as improving information capture systems to meet the new supply-chain transparency requirements.

Lu at the University of Delaware says transitioning to a circular business model will require both technical and financial advice, as well as legal support "to interpret the new regulations", he adds.

And that points to another big challenge – finding the financial wherewithal to do so. According to one 2020 estimate from Fashion for Good and Boston Consulting Group, transforming the $2 trillion industry would require $20 billion to $30 billion of funding every year. A quarter of this is to support raw materials innovation and improvements, a third for overhauling sourcing, processing and manufacturing processes, and 20% for handling textile waste.

There has been some funding on offer from the Green Climate Fund, the United Nations-backed fund aimed at helping developing nations take climate action. Since 2020 It has provided nearly $350 million in loans to help textile and ready-made garment manufactures in Bangladesh adopt energy-efficient technologies such as solar panels.

Bangladesh's textile sector also receives funding from the International Finance Corporation's Advisory Partnership for Cleaner Textile (PaCT) programme. Since its initiation 10 years ago, PaCT has introduced innovations that have helped nearly 340 factories cut their annual fresh water consumption and wastewater discharge.

But the Fashion for Good report points out that fashion companies should themselves be developing and commercialising innovation in circular solutions. At the moment research and development for the fashion industry is extremely low, at less than 1% of sales.

"This creates a situation in which players in the supply chain are often asked to bear the risk, costs and effort of innovating, with little guarantee that they will be in a position to capitalise on their investment," the report said.

One company that has been investing in supporting a more circular textile model in Asia is H&M. In 2016, it partnered with the Hong Kong Research Institute of Textiles and Apparel (HKRITA) to develop the Green Machine, a technology capable of separating cotton and polyester blended textiles, commonly found in many clothing types, at scale without any quality loss – a world first. The award-winning process makes use of heat, water, pressure and a biodegradable "green" chemical for separation, recovering more than 98% of polyester fibres in under two hours.

In 2020, Indonesia's largest textile manufacturer Kahatex began using the Green Machine, and a year later, Turkey-based ISKO, the world's biggest denim producer followed suit. "The system is being scaled up in Indonesia and Turkey, with plans for multiple systems in different locations," says HKRITA chief executive Edwin Keh, who adds that Cambodia is another possible location.

But Keh points out that using recyclable or sustainably sourced materials is much more costly than polyester, the synthetic fibre derived mainly from petroleum that's found in more than half the world's textiles. Incorporating sustainable materials into new textiles at scale can drive up costs for Asian manufacturers, which in turn, can decrease their competitive edge.

"Why are people outsourcing in the first place? It's because they want the cheapest possible product into the EU," he says.

Keh believes EU retailers might instead turn to nearshoring or onshoring relocating supply chains closer to final markets. "So, places like Turkey or any of the eastern European countries, which are not the cheapest but are EU-esque, will be a lot easier for suppliers to deal with."

Lu agrees. "Asian suppliers are very good at making cheap products in large quantities. But in the new era where we're talking about slow fashion, consumers may want fewer products in smaller quantities but using more sustainable materials, which means Asian countries might not be the ideal place to source products anymore."

Source: reuters.com– Aug 23, 2023

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Retail sales, consumer confidence weaken in China: Fitch Ratings

China's macroeconomic activity indicators have deteriorated sharply in recent months, following a strong rebound earlier this year after COVID-19 pandemic restrictions were abandoned. Retail sales and consumer confidence have also weakened, as per Fitch Ratings.

Broad-based declines were also highlighted in headline consumer price index (CPI) inflation rates across many major economies, even though core inflation remains stubbornly high. US CPI headline inflation fell to 3.0 per cent year-on-year (YoY) in June 2023 and 3.2 per cent YoY in July, the lowest levels since March 2021.

UK CPI inflation fell by 1.1 percentage points in July to 6.8 per cent YoY, the lowest rate since February 2022, according to the latest edition of Fitch Ratings' '20/20 Vision' chart pack.

Headline consumer price inflation has also declined notably in recent months in France, Italy, Australia, Canada, Indonesia, and Poland, among others. By contrast the annual CPI inflation rate in Turkiye—after eight consecutive decreases—rose by 9.6 percentage points in July to 47.8 per cent YoY. In Russia, headline CPI inflation rose to 4.3 per cent YoY in July, the third increase in a row and inflation also picked up significantly in India to 7.4 per cent YoY.

Meanwhile, the major central banks have continued to increase interest rates. The fed funds rate (upper limit) was raised to 5.5 per cent in July, while the European Central Bank (ECB) raised its main refinancing operations rate to 4.25 per cent.

The Bank of England raised the bank rate to 5.25 per cent in August. Many emerging markets' central banks have left policy rates unchanged, but with some notable exceptions. Turkiye and Russia have raised interest rates as currencies have weakened and inflation has increased, while Brazil and China have recently cut rates.

Source: fibre2fashion.com– Aug 25, 2023

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Sri Lanka's central bank keeps policy interest rates at current levels

The Central Bank of Sri Lanka yesterday decided to continue the current monetary policy stance.

A meeting by its monetary board decided to maintain its standing deposit facility rate (SDFR) and the standing lending facility rate (SLFR) at their current levels of 11 per cent and 12 per cent respectively.

The board took note of the downward adjustment of market interest rates in response to monetary policy easing measures implemented thus far and the need to allow space for further adjustment of market interest rates swiftly, the bank said in a release.

Market interest rates of certain lending products remain excessive and are not in line with the current monetary policy stance, the board observed.

Domestic economic activity is expected to recover in the second half of this year and gradually reach the potential level of economic growth over the medium term.

The disinflation trend continues, with headline inflation reaching single digit levels. Headline inflation, measured by the year-on-year (YoY) change in the Colombo consumer price index (CCPI), decelerated to 6.3 per cent in July this year, reaching single digit levels for the first time since November 2021.

Headline inflation, based on the national consumer price index (NCPI), also decelerated to 4.6 per cent YoY in July.

The moderation in headline inflation was mainly driven by the softening of energy and food inflation, along with the favourable statistical base effect.

Meanwhile, CCPI- and NCPI-based core inflation, which reflects underlying demand pressures in the economy, moderated to 6.1 per cent and 6.3 per cent YoY respectively in July.

Headline inflation is expected to moderate further over the next few months and stabilise around mid-single digit levels over the medium term.

The trade deficit decreased notably during the seven months ending July 2023 with a significant decrease in merchandise imports, despite the decrease in merchandise exports.

The monetary board anticipates a faster reduction in overall market lending interest rates in line with the recent monetary policy easing measures.

The board decided to adopt targeted administrative measures to reduce specific lending interest rates that it considered to be excessive and direct the licensed banks to reduce overall rupee lending interest rates by an appropriate margin in the period ahead.

Source: fibre2fashion.com– Aug 24, 2023

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UK private firms signal renewed biz activity downturn in August: S&P

UK private sector firms signalled a renewed downturn in business activity in August this year, thereby ending a six-month period of expansion, according to S&P Global.

At 47.9 in August, down from 50.8 in July, the headline seasonally-adjusted S&P Global/ Chartered Institute of Procurement & Supply (CIPS) flash UK composite output index posted below the neutral 50 threshold for the first time since January.

The latest reading was the weakest since January 2021 and signalled a moderate reduction in UK private sector output.

The downturn mostly reflected a faster fall in new orders as sluggish domestic economic conditions and higher borrowing costs led to caution among clients.

Inflationary pressures continued to moderate in August, with input costs rising at the slowest pace for two-and-a-half years.

Average prices charged by UK private sector companies also increased at the softest rate since February 2021. Survey respondents suggested that they had adjusted their pricing strategies in response to weaker demand and falling input cost inflation.

Lower levels of activity were recorded in both the manufacturing and service sectors during the month, S&P Global said in a release.

Manufacturers saw a sharp and accelerated fall in production volumes, which extended the current period of decline to six months.

August data indicated a decline in new orders across the UK private sector economy for a second consecutive month.

Companies recording a drop in new orders typically cited a reluctance to spend among clients because of higher interest rates and stretched disposable household incomes.

Shrinking order books allowed for a steep reduction in backlog of work during August. This was the fourth successive monthly decline in unfinished work and the latest fall was the fastest since June 2020.

Excess capacity contributed to another round of job shedding across the manufacturing sector.

Measured overall, private sector employment in the United Kingdom rose only slightly and at the slowest pace since March.

Manufacturers reported the steepest fall in their purchase prices since January 2016. A combination of improving supply and lower demand led to an accelerated pace of destocking in August.

The degree of confidence regarding year-ahead growth prospects slipped to its weakest in August since December last year, but was still broadly in line with the long-run series average.

Source: fibre2fashion.com– Aug 24, 2023

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Why Traceability Should Be Your Top Concern—Regardless of Your Job Title

Traceability is the word on everyone's lips. And given the raft of both enacted and proposed ESG-related regulations in both the U.S. and EU, there's no question why. As governments, investors and consumers turn a sharp eye toward raw material provenance, worker's rights and fashion's waste problem, the industry is under an increasing amount of pressure to track, analyze and document its practices—tasks traditional apparel supply chains were not built to perform.

The mobilization around traceability kicked into high gear thanks to the Uyghur Forced Labor Prevention Act (UFLPA), which prohibits importing goods made with forced labor from China's Xinjiang region from entering the United States. Through June, U.S. Customs and Border Protection has reportedly detained more than $1.3 billion worth of goods suspected of violating the law.

And without massive changes, that number will continue to grow. "A lot of the goods coming from Xinjiang are in the deeper tiers of the supply chain. And most companies have not gotten to the point where they really understand the upstream part of their supply chain," Shelly Heald Han, chief of staff at the Fair Labour Association told the Responsible Investor.

And even for goods that are in compliance, if the brands can't prove it, they risk detention. This reality has left companies scrambling for solutions. In recent years, Tapestry, Coach and Kate Spade's parent company, has tapped TrusTrace to gather fiber content data, while companies like Cone Denim and Lacoste are working closely with Oritain to create a so called "origin fingerprint" for their products, according to Fashion Dive. Speaking at Texworld LA, Vincent Iacopella, executive vice president of growth and strategy at freight forwarder and customs brokerage firm, Alba Wheels Up, urged all fashion firms, big and small, to digitize. "It has to be an automated solution," he said.

And the UFLPA is just the beginning.

One provision of the EU Corporate Sustainability Reporting Directive, which will require companies to disclose detailed qualitative and quantitative social and environmental information starting in 2025, holds companies accountable for their investors' financial losses due to greenwashing. The disclosures include, but are not limited to, resource usage, biodiversity, pollution and workforce. Similarly, the proposed EU Ecodesign for Sustainability Product Regulation would require a digital product passport for all goods, providing information on carbon footprint, recycled content and the product's durability, reusability and upgradeability. A common thread between these two pieces of legislation and other policies on the docket is an effort to hasten progress toward a circular economy, a march which is currently stymied by a lack of ingredient-level data for what the Clean Clothes Campaign estimates is 100 billion items of clothes produced each year.

At the moment, there are at least 12 ESG-related policies on the books or in talks that will pressure fashion in new ways. (For more information on ESG-related legislation, read the new An Apparel Supplier's Guide by The Remedy Project.)

The bottom line? To ensure compliance, fashion must quickly become much more data rich, starting from the fiber all the way to the finished goods. As a result, traceability has been pushed to the forefront, topping agendas across organizations.

“This goes way beyond your sustainability teams. This is going to require your legal teams to be involved, your HR teams, and your product teams,” Ilishio Lovejoy, ESG manager at Simple Approach told Rivet magazine. “Look at this as a holistic business change because it will impact all kinds of areas of the business.”

And given the stakes, the C-Suite has taken note.

"Overall, executive attention has changed. It’s now laser-pointed on traceability," Leon de la Barra Rocha, creative products lead for compliance firm Inspectorio, told Sourcing Journal.

And the investment in traceability is likely to pay off. According to Planet Tracker's Lifting the Rug report, traceability is poised to increase net profits through cost savings and risk reduction to the tune of 3 to 7 percent.

Source: texworld-usa.us.messefrankfurt.com– Aug 24, 2023

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Bangladesh's Apparel Exports to EU Decline in H1 2023

Bangladesh's apparel exports to the European Union (EU) declined by 12.69% in the first half of 2023, totaling 9.06 billion euros compared to 10.37 billion euros in the same period of 2022. This decline can be attributed to a reduction in clothing demand within the EU's 27-nation economic bloc due to high inflation.

Exporters noted that although inflation was beginning to subside, the import of apparel by the EU continued to exhibit a significant downward trend.

Eurostat, the statistical office of the EU, provided data indicating that knitwear imports from Bangladesh for January to June 2023 decreased to 5.38 billion euros from the 6.40 billion euros recorded during the same period in 2022. Similarly, Bangladesh's woven garment exports to the EU for the first half of 2023 decreased to 3.68 billion euros from the previous year's 3.96 billion euros.

Faruque Hassan, the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), commented that although inflation was easing in key export markets and economic indicators were stabilizing, apparel imports by the EU and the United States continued to decline significantly.

He noted the challenge of forecasting the market and suggested a cautiously optimistic outlook for the remainder of 2023. He anticipated a potential dip in apparel and overall global trade compared to the previous year.

Overall, the decline in Bangladesh's apparel exports to the EU is a sign of the challenging economic conditions facing the global apparel trade. The headwinds of high inflation and a slowdown in economic growth are likely to continue to weigh on demand for apparel in the coming months.

Source: fashionatingworld.com– Aug 24, 2023

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Pakistan: Falling Exports

Pakistan's twisted tale of exports, imports and a cripplingly contracted balance of trade is before us again. Non-textile exports saw a decline of 8.99 per cent in the first month of the fiscal year in what can only be called an ominous indicator of the coming months. Although exports have not been showing any considerable growth since September 2022, the performance of leather and carpets has taken a turn toward the bottom of the barrel.

Considering the negligible export value of our most prized item as they are re-marketed in the West, Pakistan being slated among the main global suppliers of surgical instruments does not amount to anything worthwhile. The writing on the wall has been screaming about the abysmal performance of our textile exports in the international market for quite some time. Cotton once referred to as white gold, silently made its way out of the picture as sugar sultans took over.

Given the unprecedented climate changes and little to no interest in adding value to our textile exports, we are in no state to rely on keeping all eggs in a small basket. The diversification of Pakistan's exports beyond textiles holds immense potential for the nation's economy. There's no denying that. Industries such as pharmaceuticals, chemicals, and engineering goods could easily make use of existing infrastructure and aim for significant growth while providing employment to skilled professionals and contributing to more inclusive economic growth. Former planning minister Ahsan Iqbal might have earned brownie points for his claim that his government strove to turn Pakistan into an export hub but from the looks of it, the sweeteners might take a while to come across.

A lot of hard work, determination and an eye on the bigger picture is needed to establish clear-cut long-term goals for the country's economy. Between establishing Pakistan as a trans-shipping destination and targetted production, no one in the present ruling elite appears ready to invest in reforms that cannot show instant results. Until then, we may shed earnest tears or roll out knee-jerk bans on imports to help stroke our petty egos.

Source: dailytimes.com.pk– Aug 25, 2023

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Bangladesh releases 2 varieties of genetically-modified cotton

Bangladesh recently released two varieties of genetically-modified (GM) cotton for domestic cultivation. The aim is to raise yields and reduce import dependence.

This is the second GM plant to be introduced in the country after Bt brinjal in 2014.

Addressing a seminar on the introduction of the varieties at the Cotton Development Board office in Dhaka, agriculture minister Muhammad Abdur Razzaque said at least a fifth of the domestic demand for cotton—around 15 lakh bales—can be met by locally cultivating the Bt and hybrid varieties.

Another 85 lakh bales of cotton are required by spinning and weaving industries for producing yarn and fabrics for export-oriented garment factories.

Domestic growers can, however, supply only two lakh bales, as a result of which Bangladesh imports a huge quantity of cotton from India, Pakistan, Brazil, Australia, Argentina and south African and central Asian countries spending around Tk 33,000 crore a year, domestic media outlets reported.

The average yield of Bt cotton is 4,500 kg per hectare—15-20 per cent higher than local varieties, while the production cost is 12-15 per cent lower.

Source: fibre2fashion.com– Aug 24, 2023

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NATIONAL NEWS

Union Commerce and Industry Minister Shri Piyush Goyal addresses the opening session of G20 Trade and Investment Ministerial Meeting, Jaipur

Union Minister of Commerce and Industry, Consumer Affairs, Food & Public Distribution and Textiles Shri Piyush Goyal said that focus of G20 Trade and Investment Ministerial Meeting (TIMM) will be on easing barriers to international trade and investment; helping boost productivity and output and fostering economic growth and prosperity for all. While addressing the opening session of TIMM in Jaipur, Rajasthan today, the Minister encouraged the Ministers from G20 and other invitee countries to work collectively to achieve concrete, decisive and action-oriented outcomes.

Shri Piyush Goyal said that TIMM focusses on formulating shared outcomes on issues related to the multilateral trading system, inclusive trade and ease of trade and business. He said that these issues have been deliberated upon in the four Trade and Investment Working Group (TIWG) Meetings held under India's G20 Presidency. The Minister said that the meetings have aimed at formulating fair, inclusive and sustainable trade and trade related investment policies.

Shri Goyal mentioned that TIMM will have Sessions on (i) Multilateral Trade for Global Growth & Prosperity; (ii) Inclusive & Resilient Trade and (iii) Leveraging Technology for Paperless Trade. He expressed that these Sessions will result in coming up with significant outcomes keeping in mind the current multinational challenges.

The Minister highlighted that the five priority issues namely (i) Trade for Growth & Prosperity, (ii) Resilient Trade and GVCs, (iii) Integrating MSMEs in World Trade, (iv) Logistics for Trade and (v) WTO Reforms have been extensively discussed among the G20 member/invitee countries during the TIWG meetings. He noted that in today's interconnected world, the concept of global value chains has revolutionized the way nations engage in trade and investment. Shri Goyal added that the COVID-19 pandemic and other shocks have disrupted the global value chains and made us realize the importance of promoting inclusive and sustainable global value chains.

Shri Goyal said that India under its G20 Presidency has recognized the crucial role played by the Micro, Small and Medium Enterprises (MSMEs) in the global economy and makes efforts under the leadership of the Prime Minister, Shri Narendra Modi to provide them continuous support. He said that MSMEs are the backbone of economies driving innovation, creating jobs and contributing significantly to overall economic growth. The Minister said that equitable access and participation for MSMEs in global trade must be ensured to unlock new avenues for growth. He also cited the example of successful integration of MSMEs in the Government e-Marketplace (GeM) and its benefits.

The Minister said that the shared commitment to foster inclusive growth extends beyond the boundaries of our traditional systems. While recognizing the importance of smooth logistics for international trade, he said that paperless trading is a critical step towards streamlining cross border transactions, reducing administrative delays and enhancing the pace in trade operations. Shri Goyal cited the example of PM GatiShakti initiative for infrastructure development and logistics efficiency using layers of GIS data to plan and implement projects.

He said that it is imperative to have a more dynamic and inclusive trade environment, with reforms in the World Trade Organization (WTO). Shri Goyal said that these reforms must reflect the evolving global economic landscape.

He said that India can provide leadership to the Global South in the realm of trade and investment and integrate the world economy making it more inclusive. The Minister said that the spirit of collaboration and mutual understanding defines G20 whose decisions shape the trajectory of economies, livelihoods of people, and the future of the world.

Source: pib.gov.in– Aug 24, 2023

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GCC keen to 'quickly' start talks for free trade agreement: Goyal

The Gulf Cooperation Council (GCC) has expressed the desire to "quickly" get back on the negotiating table to discuss a potential trade agreement, Commerce and Industry Minister Piyush Goyal said on Thursday.

Last year, both the regions agreed to pursue an FTA and resume the negotiations. GCC is a union of six countries in the Gulf region -- Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain. The council is the largest trading bloc of India.

"We have large investments coming from GCC countries. We already have a FTA with UAEThe GCC countries led by Saudi Arabia have expressed the desire to quickly get back on the negotiating table to discuss potential agreements with the GCC countries.

Many GCC member nations have also approached India individually with the request to enter into a bilateral agreement," he told reporters here.

The minister is here for the G20 trade and investment ministerial meeting. Among the economic regions, GCC is the top source of imports. Imports from GCC countries were USD 133 billion in 2022-23, up 20.3 per cent on year while exports were 16.7 per cent higher at USD 51.3 billion.

India's exports to the GCC member countries grew by 58.26 per cent to about USD 44 billion in 2021-22 against USD 27.8 billion in 2020-21. Bilateral trade in goods has increased to USD 154.73 billion in 2021-22 from USD 87.4 billion in 2020-21. Services trade between the two regions was valued at around USD 14 billion in 2021-22, with exports aggregated at USD 5.5 billion and imports at USD 8.3 billion.

Both sides held negotiations for the trade pact in 2006 and 2008 but talks stalled thereafter due to unknown reasons. Gulf nations are host to a sizable Indian population. Out of about 32 million non-resident Indians (NRIs), nearly half are estimated to be working in the Gulf countries.

Source: business-standard.com– Aug 24, 2023

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BRICS nations embrace local currencies and enhanced payment systems to strengthen trade

The 15th BRICS summit witnessed a collective acknowledgement of the urgent need for efficient, affordable, and secure payment systems. Member nations emphasized the importance of fast, transparent, and inclusive cross-border payments. This unanimous commitment reflects the coalition's determination to usher in a new era of financial cooperation.

As part of this initiative, the BRICS Payment Task Force (BPTF) is set to present a report on the mapping of the G20 Roadmap's elements related to cross-border payments in BRICS countries. This collaborative approach highlights a coordinated effort to address cross-border payment challenges and enhance the international payment landscape.

Local Currency

A key focus of the summit was the promotion of local currencies in international trade and financial transactions. BRICS nations collectively endorsed the use of local currencies as a means to strengthen economic ties and facilitate seamless transactions between member nations and their trade partners. This step towards embracing local currencies signifies a significant leap towards balanced and fair trade practices.

The Johannesburg Declaration adopted today at the end of the three day 15th BRICS Summit celebrated the sharing of experiences among BRICS nations regarding payment infrastructures.

The interlinking of cross-border payment systems emerged as a crucial point of discussion. This interconnected approach is anticipated to foster increased collaboration among BRICS nations, facilitating trade and investment flows while also encouraging meaningful dialogues on payment instruments.

This means India can now use its local currency to trade with countries like Brazil, Russia, South Africa, Iran, Ethiopia, Egypt, Saudi Arabia, Argentina, and others. It has already started transacting in India currency with UAE which will become a full member of the grouping starting January 1, 2024.

The declaration also emphasized the importance of correspondent banking networks between BRICS countries, facilitating settlements in local currencies. This strategic step aims to create an environment that supports international trade and financial interactions, ultimately contributing to robust economic growth.

In a bid to promote fair competition and establish a level playing field, BRICS nations expressed their commitment to deepening cooperation on competition. This effort seeks to nurture an environment conducive to equitable economic and trade collaboration, promoting balanced growth.

Internationalizing Rupee

India's engagement in the summit was marked by its efforts to expand local currency settlement initiatives. India aims to establish bilateral agreements with nations like Brazil, Argentina, South Africa, Senegal, and Tanzania. These agreements would strengthen trade ties, promote economic relationships, and create more balanced trade partnerships.

The selection of partner nations for bilateral currency settlements aligns with India's objective to cultivate trade relationships and balance trade dynamics. By collaborating with countries that exhibit either minor trade deficits or surpluses, India aims to leverage local currency agreements to foster equitable trading practices.

Trade relationships between India and its partner nations revolve around the exchange of vital commodities and raw materials. These interactions, ranging from grains and engineering goods to pharmaceuticals and petroleum products, play a pivotal role in promoting economic growth and resilience.

India's successful bilateral currency settlement agreements with the UAE and Indonesia serve as noteworthy milestones. These successes provide impetus to India's endeavors to replicate the initiative with neighboring nations, further streamlining trade transactions and advancing regional economic cooperation.

In addition to ongoing agreements, India is exploring local currency settlement plans with neighboring countries like Bangladesh and Sri Lanka. These initiatives aim to alleviate currency shortages and enhance regional economic ties.

In conclusion, the 15th BRICS summit serves as a cornerstone in advancing cross-border payment systems and embracing local currencies to fortify international trade. With a united approach, BRICS nations are laying the groundwork for an enhanced economic landscape that fosters growth, cooperation, and equity.

Source: financialexpress.com– Aug 25, 2023

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India-UK FTA can deliver mutually beneficial results, says Kemi Badenoch

The India-UK FTA may be close to finalisation and there is optimism that the two sides could deliver “mutually beneficial” results, UK Secretary of State for International Trade Kemi Badenoch has said.

“We are now in the final stages. I can’t give a deadline, anything could happen. But what I can say is that I am very optimistic, and I am working closely with my counterpart, Minister to make sure we can deliver something that both our countries will find mutually beneficial,” Badenoch said at a media interaction on the sidelines of the G20 Trade & Investment Ministerial Meeting in Jaipur on Thursday.

When asked about liberalisation of the visa regime for Indians, Badenoch said it was only business mobility that came into the trade framework. “Bilateral investment leads to local business mobility. These are things which we are actively discussing,” she said.

India-EU FTA

The EU, too, is hopeful of advancing conversations with India on the India-EU FTA and other trade and investment related issues, according to EU Trade Commissioner Valdis Dombrovskis.

“We will also use this occasion to discuss our bilateral relations and how we are advancing conversations on free trade agreement and other trade and investment related issues,” Dombrovskis said at the venue of the G20 meet in Jaipur.

India is working on Bilateral Investment Treaty with both UK and the EU and there are expectations that both the FTAs and the BITs would be simultaneously concluded.

The EU is continuing to insist on the BIT having a dispute resolution system which follows an investor court model and it is not comfortable with the exhaustion of local remedies clause in India’s model BIT, sources tracking the matter have said.

According to the EU's proposal, an independent and international panel or court should be permanently appointed to decide on an investment-related disputes, that India is resisting.

In the bilateral talks between India and the EU on the G20 sidelines, India is expected to raise the issue of the EU's Carbon Border Adjustment Mechanism (CBAM) and look for a way out that is suitable to both, sources said.

While India has indicated that the CBAM, under which the EU proposes to impose carbon taxes on sectors such as steel and aluminium from 2026, is not WTO compatible, the EU has been insisting that it is non-discriminatory.

Source: thehindubusinessline.com– Aug 24, 2023

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Indian textile industry expects revival of orders soon

The textile industry is expected to see a revival of orders, especially from overseas markets, in the second half of this financial year, according to industry officials.

“Exports are down last year and so far this year,” Sunil Patwari, chairman of Cotton Textiles Export Promotion Council (CITI), told presspersons on Wednesday.

“But, this cycle should end soon.”

The year 2023-2024 is expected to end with almost the same level of exports as last year (about $40 billion), Rakesh Mehra, Deputy Chairman of Confederation of Indian Textile Industry added.

Even to maintain the current retail sales, international buyers will buy more as the inventory with them is getting over. That will increase exports, he said.

Mr. Patwari added that with indications of revival of orders, the inventory with the textile units was also not much. The MSME units will also benefit when orders pick up. New cotton season will start on October 1 and that will bring more cotton into the market, moderating cotton prices, he said.

T. Rajkumar, chairman of CITI, and Ravi Sam, chairman of Southern India Mills Association, said the removal of import duty on extra-long staple Cotton for at least six months a year will ensure the availability of raw material at affordable prices to the industry.

Source: thehindu.com– Aug 23, 2023

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India's economic growth 8.3% in Q1 FY24, 6.7% projection for FY24: SBI

The Indian economy may have grown by 8.3 per cent in the first quarter this fiscal (Q1 FY24)—the highest in four quarters, the State Bank of India (SBI) recently projected based on an artificial neural network (ANN) model it has developed with 30 high-frequency indicators.

SBI chief economic advisor Soumya Kanti Ghosh, in the latest SBI EcoWrap report, foresaw 6.7 per cent growth for the entire fiscal ending March next year—more than the 6.5 per cent forecast by the government and the central bank.

The first quarter of this fiscal witnessed a huge increase in capital expenditure by both the central government and the states.

Ghosh sees signs of rapid growth in corporate results as well, noting that the April-June quarter saw Indian companies post profit after tax of more than 30 per cent.

Both public and private sector banks logged in equal pace of loan growth during Q1 FY24. Credit growth continued to grow in double digits and has become broad based across sectors.

Source: fibre2fashion.com– Aug 24, 2023

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Government e-Marketplace surpasses INR 1 lakh crore Gross Merchandise Value milestone in record time

Accelerated growth, increased efficiency and unwavering trust propel Government e-Marketplace (GeM) to achieve an impressive milestone, crossing INR 1 lakh crore in Gross Merchandise Value (GMV) within a remarkable span of 145 days in the current financial year, FY 2023-24. This outstanding achievement underscores GeM's commitment to revolutionizing government procurement and signifies a substantial improvement compared to the previous year, where this GMV landmark was reached in 243 days. The average GMV per day has also witnessed significant growth from INR 412 crore per day in FY 22-23 to INR 690 crore per day in FY 23-24.

This notable milestone firmly establishes GeM as one of the largest public procurement portals globally, both in terms of transaction value and the breadth of the buyer-seller network within its unified digital ecosystem. Since inception, GeM has crossed INR 4.91 Lakh Crore in GMV and has facilitated over 1.67 crore orders on the platform.

Among the noteworthy contributors to this remarkable GMV achievement, the contribution of Central Public Sector Enterprises (CPSEs) , Central Ministries and State Governments has been 54%, 26% and 20% respectively.

Additionally, GeM's efforts to foster inclusivity and accessibility have been commendable. The platform's integration with e-Gram Swaraj to streamline Panchayat-level procurement exemplifies its commitment to reaching last-mile sellers and optimizing costs at the grassroots level of administration.

Looking ahead, GeM's vision encompasses a wider federal reach, customized processes, and policies that will enhance public savings while upholding the highest quality standards for products and services. Its remarkable performance in achieving the INR 1 lakh crore GMV milestone within an accelerated time frame not only reflects its growth trajectory but also solidifies its position as the key player in transforming government procurement practices in the country.

The past financial year concluded with a GMV of INR 2 lakh crore, setting a formidable foundation for this year's achievement. GeM's strategic focus in FY 2023-24 centers on expanding its reach by integrating government buyers across all tiers into its robust e-procurement infrastructure. The portal's extended range of service offerings has contributed significantly to its widespread adoption during this period.

With a vast assortment of over 30 lakh listed products and an impressive portfolio of over 300 service categories, GeM is well-equipped to meet the diverse product and service needs of government departments nationwide. Consequently, the platform has also witnessed a substantial surge in orders from various State Governments and affiliated entities, firmly establishing GeM as a go-to solution for government procurement.

About GeM:

Government e-Marketplace (GeM) is an online public procurement portal developed facilitate the procurement of goods and services by various government departments, agencies, and public sector undertakings. It was launched in August 2016 as a part of the government's "Digital India" initiative to bring transparency, efficiency, and cost-effectiveness to public procurement. GeM aims to simplify the public procurement process, reduce paperwork, and promote the use of digital technology for government procurement.

Source: pib.gov.in– Aug 23, 2023

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As US RMG imports reduces in June, India's export's feels the impact: Wazir Report

The August 2023 'Apparel Trade Scenario in Key Global Markets and India' report by Wazir Advisors, spanning June and July 2023 shows no significant change in trade scenario.

Comparing the report issued at the end of July 2023 to the soon-to-be-published one, there are no newsworthy changes but more affirmation that RMG imports are currently low in Western markets and in stagnation in Japan this month, having experienced a rise last month. Indian exports continue to lose ground, making exporters around the country nervous about 2024.

Indian exporters continue losing orders

In July 2023, India's RMG exports were estimated at $1.1 billion, 21 per cent lower than in July 2022 exports. On a year-to-date basis that reads 15 per cent lower than exports achieved in 2022.

However, in some relief, from January to July, India's RMG exports have not lost further ground after losing 6 per cent in 2022 compared to 2021. On the other side, India had gained 5 per cent extra share in 2022 in the US market compared to 2021 but lost 2 per cent this year between January and June 2023.

A new angle is developing in India's RMG export basket – India is steadily growing a diversified market as its 'other' markets are steadily growing, with the 'others' standing at 42 per cent between January and June 2023 compared to 37 per cent in 2021.

Japan's RMG import stagnate in June

The latest Wazir report also indicates import stagnation instead of growth setting in Japan. The country imported RMG worth $1.6 billion in June this year, which is exactly the same amount it imported in last June, indicating no change year-to-date.

Between January and June this year, China lost 4 per cent of Japanese market share, with Bangladesh gaining 1 per cent and other sourcing destinations gaining 3 per cent. Vietnam and Cambodia experienced no growth in their respective market shares.

EU arrests its downward slide by 12 per cent in June

The EU's apparel imports in May 2023 decreased 22 per cent compared to May 2022 but come June, the decrease gap was 12 per cent less at 10 per cent, compared to June 2022. The value of RMG imports within the EU in June 2023 was $7 billion and on a year-to-date basis overall RMG imports are down by 4 per cent.

UK sees positive growth all around in June

In June 2023, the UK imported RMG worth $1.9 billion, which was 5 per cent higher than in June 2022. Moreover, in July 2023, UK's monthly apparel store sales were £3.7 billion, 3 per cent higher than July 2022 and its Q2 2023 online sale of RMG registered a 10 per cent increase compared to Q2 of 2022.

US retail growth remains positive as imports drop

In July 2023, US monthly apparel store sales were estimated at $18.2 billion, 5 per cent more than in July 2022. On year-to-date, RMG sales in 2023 are 5 per cent higher than in 2022. In Q2 2023, online sales of RMG and accessories registered negligible 1 per cent growth over Q2 2022. In home furnishing category though it is negative growth – store sales were down in July 2023 by 10 per cent compared to July 2022. This July, total sales value was at $ 4.7 billion.

However, the story is different in RMG import front – the US imported $6.6 billion worth RMG in June 2023, 23 per cent lower than June 2022. On a year-to-date basis, the figure is 22 per cent lower than in 2022. Thanks to the Xinjiang issue, China lost a 5 per cent market share since 2021.

Source: fashionatingworld.com– Aug 23, 2023

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Shipping Ministry mulls ₹11,000-crore PLI scheme for standard container making

The Ministry of Ports, Shipping and Waterways is mulling over a ₹11,000-crore PLI scheme spread over a nine-year period for the manufacture of shipping containers. The scheme will look to push the country as a shipping container manufacturing hub, competing with the likes of China, and garnering at least 10 per cent demand from global liners.

According to a Cabinet note accessed by businessline, of the nine years of outlay, incentives will be fixed for the first five years, while it would "taper or decrease" for the next four years.

Feasibility studies for the PLI scheme were carried out by the Kolkata-based Indian Institute of Foreign Trade.

A senior Shipping Ministry official said, due to Covid, India has seen an acute shortage of shipping containers since October 2020, which has disrupted the global supply chain.
PLI draft

Two incentive schemes are being proposed – one, based on the differential price between the Indian and international manufacturer; and the second, a differential price calculation if the PLI beneficiary fails to have incremental production. Calculations of incentives are being worked out.

Those aware say financial implications are estimated at around ₹32 crore in Year 1; which then increases to ₹88 crore in Year 2; the outlay is expected to jump 10-fold to ₹880 crore in Year 3; at ₹1,890 crore in Year 4 and then to ₹2,800 crore in Year 5.

It subsequently tapers down. In Year six, it is ₹2,160 core, in Year 7 ₹1,620 crore, in Year 8 ₹1,000 crore, and finally down to ₹550 crore in the last year (Year 9). A review will be carried out in the eighth year to see if the scheme is to be extended or not.

The first two years of the scheme have been pushed as an "incubation stage", where manufacturing facilities are expected to come up.

Countering China

According to the Cabinet note, international container manufacturing is dominated by China and nearly 90 per cent of the global demand is met by that nation. Incidentally, India, too, depends on China for such supplies.

However, with a 'China plus one' policy becoming popular because of trade tensions and global supply disruptions, the world is looking at alternatives to de-risk. Companies are also planning to set up shop apart from in China.

"....there is need to create a domestic ecosystem towards promotion of manufacturing in shipping. To achieve this, a (PLI) scheme is proposed to be implemented," the Cabinet note mentions.

Growth in container traffic

The containers handled at all ports of the country registered a growth of 13.04 per cent from 16.50 million TEUS (twenty equivalent units) in 2020-21, to 18.66 million TEUS in 2021-22. The total traffic handled in the domestic segment was 803,899 TEUS in 2021-22, as against 607,536 TEUS in 2020-21, an increase of 32.32 per cent.

During the same period, domestic containerised loading of Indian Railways also increased by 40.03 per cent to 17.35 mt in 2021-22, from 12.39 million tonnes in 2020-21.

Source: thehindubusinessline.com– Aug 24, 2023

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CITI's 11th ATEXCON to focus on challenges in Indian textile industry

The Confederation of Indian Textile Industry (CITI) is set to organise the 11th edition of the Asian Textile Conference (ATEXCON) in Coimbatore on August 31-September 1, 2023, focusing on crucial challenges in the Indian textile industry. Fibre2Fashion is one of the media partners for the event.

The theme of the 11th ATEXCON is '2025 & Beyond Asia's Global Hub for Textile Manufacturing & Consumers'. India's minister of textiles, commerce and industry, and consumer affairs, food and public distribution, Piyush Goyal, will inaugurate and address the industry captains at the 11th ATEXCON as the chief guest.

Over 400 delegates from global textile and apparel value chain are expected to participate in the event. ATEXCON will bring together leading players in the Asian textile industry, global input suppliers, and service providers to deliberate on key business areas, including regional and global issues concerning this sector. The conference will also focus on emerging opportunities through cross-country cooperation, as per an official media release.

The event will provide a conducive forum for policymakers and the industry to collaborate and find the way forward to usher the Asian textile industry into a sustainable future through 2025 and beyond.

Southern India Mills Association (SIMA) is the host association of the 11th ATEXCON, and the government of Tamil Nadu has extended its support to the event as a partner state.

S Muthusamy, minister for housing and urban development and prohibition and excise, government of Tamil Nadu; R Gandhi, minister for handlooms and textiles; and R Sakkarapani, minister for food and civil supplies, government of Tamil Nadu, will be the guests of honour.

The Important Business Sessions of the 11th ATEXCON are diverse and far-reaching. These include 'Enabling Resilient Textile & Apparel Supply Chains'; 'Regional Cooperation and Partnerships for Sustainable Development'; 'Emerging Trends & Opportunities in the MMF Based Value Added Textiles Including Technical Textiles'; 'Collaborating with

India: Inviting State Partners with PM Mitra Mega Textile Parks'; and 'Green Revolution: Scaling Sustainable Textile & Apparel Manufacturing'.

Additionally, it will delve into 'Trends, Developments, and Innovations in Home Textiles' and the complex subject of 'Managing Financial Risks in Textiles & Apparel Business'.

The event is being supported by leading Textile Trade Associations' like International Textile Manufacturers Federation (ITMF), Joint Apparel Association Forum, Sri Lanka, Apparel Export Promotion Council (AEPC), The Cotton Textiles Export Promotion Council (TEXPROCIL), The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC), The Clothing Manufactures Association of India (CMAI), Handloom Export Promotion Council (HEPC), Tirupur Exporters Association (TEA), etc.

The Sakthi Group of Companies, Lakshmi Machine Works (LMW), Birla Cellulose, Waaree and India ITME Society are some of the prominent sponsors of the 11th ATEXCON.

At a press conference held today in New Delhi, CITI recommended fast tracking of FTAs with strategic partners like the EU, UK, and Canada, advocating for a zero-for-zero deal in the textile industry with strong rules and regional VC to avoid circumvention of trade. To achieve a market size of $350 billion (including $100 billion in exports), India must at least double its manufacturing capacity for raw materials and address other related issues.

CITI also suggested new investment incentives to encourage scaling up, innovations, and sustainable technologies, including expediting an Alternate Scheme to Technology Upgradation Fund Scheme (TUFS) and early announcement of PLI 2.0 with lower thresholds. Quality Control Orders must be introduced more gradually to ensure no supply disruption and should not be applied on products with limited domestic availability. Lastly, CITI has called for the removal of the 11 per cent cotton duty that has eroded the competitiveness of Indian cotton and its entire value chain.

Source: fibre2fashion.com– Aug 23, 2023

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