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USD	EUR	GBP	JPY
82.93	89.06	103.32	0.56

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Ukraine war fragmenting world trade: WTO

The onset of the Ukraine war has started fragmenting world trade, resulting it in its reorientation along geopolitical lines, but a better alternative to fragmentation is re-globalisation, or extending trade integration to more people, economies and issues, according to the WTO's World Trade Report 2023 launched on Tuesday.

Since Russia's invasion of Ukraine, trade between two blocs, with different foreign policy alignments, has grown slower between 4 per cent and 6 per cent than trade within these blocs, the report noted.

Trade concerns, many related to technical barriers, raised at WTO committees had also increased with a rise in unilateral trade restrictions.

"Recent crises, such as the Covid pandemic and the war in Ukraine, have fed into perceptions that globalisation exposes economies to excessive risks.

Consequently, a trade-sceptic narrative has gained traction, suggesting that international trade is an obstacle to building a more secure, inclusive, and sustainable world. Viewing interdependence as a vice rather than a virtue, policymakers are now placing greater emphasis on economic independence," the report noted.

Against this backdrop, the report critically examines the role of international trade in addressing some of the most pressing challenges — maintaining peace and security, reducing poverty and inequality, and achieving a sustainable economy.

"The primary conclusion of the report is that international trade, anchored in a strengthened multilateral trading system, plays an indispensable role in creating a more secure, inclusive, and sustainable world," it said.

Building upon these findings, the report makes the case that a better alternative to fragmentation is re-globalisation, understood as extending trade integration to more people, economies and issues.

sustainability

Trade integration has been a source of resilience and peace, a major driver of global economic growth and poverty reduction, and as an engine for distributing the tools necessary to foster sustainability. “And, it can go a lot further to address today’s challenges: deeper, deconcentrated, and more diversified global supply chains — the bespoke re-globalisation — can give countries and people that have been left behind a means to participate more fully in global trade and to reap the resulting benefits,” it stated.

The spread of digital technologies can enable involvement in both goods and services trade. Also, trade can boost development opportunities and facilitate structural change, helping to achieve low-emission targets while supporting greener distribution of global production, it added.

Source: thehindubusinessline.com– Sep 12, 2023

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Cotton Highlights from September WASDE Report

USDA has released its September 2023 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The 2023/24 U.S. cotton projections include higher beginning stocks but lower production, exports, and ending stocks. Beginning stocks are increased 550,000 bales, largely reflecting ending stocks data for the previous year from the Agricultural Marketing Service and the NASS Cotton System Consumption and Stocks report. Beginning stocks were also increased for 2022/23 as unexpectedly large warehouse stocks reported for July 31, 2023 indicated stocks in-transit as of July 31, 2022 were higher than previously estimated.

The 2023/24 U.S. production forecast is 860,000 bales lower this month, with the Southeast and Southwest leading the decline. Projected consumption is unchanged from August, but exports are down 200,000 bales and ending stocks are 100,000 bales lower. The season-average price for upland cotton projected for 2023/24 is 80 cents per pound, up 1 cent from the previous month.

The 2023/24 world cotton projections include lower beginning stocks, production, consumption, trade, and ending stocks relative to last month. Beginning stocks are about 1.0 million bales lower as the effects of upward revisions for earlier years' consumption in China and Turkey more than offset the impact of larger U.S. and Brazil beginning stocks.

World production is projected 1.7 million bales lower as reductions for the United States, India, the African Franc Zone, Greece, and Mexico more than offset an increase for Brazil. World consumption is also more than 1.0 million bales lower, with reductions in India, Bangladesh, Mexico, and Vietnam.

World trade is 600,000 bales lower with net import reductions for Bangladesh and Vietnam, and export reductions for the Franc Zone, the United States, Australia, Greece, and Mexico more than offsetting a 550,000-bale increase for Brazil. World ending stocks are 1.6 million bales lower this month, at 90.0 million bales.

Source: cottongrower.com– Sep 12, 2023

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USA: What July's OTEXA Numbers Say About the State of Apparel Imports

U.S. textile and apparel imports declined in July, according to the Office of Textiles and Apparel of the U.S. Department of Commerce (OTEXA).

According to OTEXA, imports of cotton, wool, man-made fiber, silk blends and non-cotton vegetable fiber textile and apparel products slid by 15.6 percent in July of this year, for a total of 14.89 billion square meter equivalents (SME). Broken out, imports of textiles were down 11.5 percent in July for a total of 593.9 SME, while imports of apparel were down 18.1 percent for the month, for a total of 8.95 billion SME.

For the period of July 2022 to July 2023, imports of textiles and apparel slid 29.8 percent, for a total of 91.30 billion SME, while imports of textiles alone dropped slightly less, by 25.9 percent. Imports of apparel alone in that year-long period dropped 32.3 percent, registering total imports of 54.16 billion SME.

Half the countries in the top 10 nations experienced drops in exports to the U.S.

Vietnam registered a drop of almost 20 percent July year over year. Manufacturing in Vietnam has always been cheaper than in China but how long that will be the case remains to be seen. Vietnam's monthly minimum wage, climbing for the past decade, rose to $141.92-$204.36 last year, a year marked by inflation that forced many to cut back garment orders.

China and India both registered decreases of about 17 percent in July year over year, with comparable decreases for both, in the 25 percent range, comparing the first six months of 2023 with the first six months of 2022. China was down to 28.82 billion SME from 34.83 billion SME, and India dropped to 7.54 billion SME from 9.10 billion SME.

Pakistan was down by 12 percent, July year over year, to 7.54 billion SME from 9.10 billion SME a year earlier, but down 20 percent comparing the first six months of 2023 with the same period a year ago. Turkey seems to have stanched the slide in July, with a decrease of only 4.6 percent, clocking in at 2.64 billion SME from 3.00 billion SME last year. This is relatively minor when compared to a loss of 41.3 percent comparing the first six months of 2023 with the first six months of 2022. That is likely attributable to devastating earthquakes and aftershocks that shook the southern and western regions of Turkey and parts of Syria in February, killing some 50,000 people and causing widespread damage to an area that is home to a sizable slice of the country's garment industry.

One unusual blip in the OTEXA numbers for July was Malaysia. It registered a year-on-year increase of 172.4 percent in July after registering only an 11.2 percent increase comparing the first six months of 2023 with the first six months of last year, registering 4.44 billion SME this year, compared to 1.63 billion SME last year. The country has a well-established textile industry, according to Technavio, a consulting firm, which predicts the sector will grow by $2.35 billion between 2022 and 2026.

Malaysia's numbers could be the result of companies transshipping product through the Asian nation to avoid implications with Xinjiang. This is the region of China targeted by the UFLPA, or Uyghur Forced Labor Prevention Act, which the U.S. Customs and Border Protection has enforced since June of 2022. The landmark law operates under the rebuttable presumption that goods linked to the Xinjiang Uyghur Autonomous Region are the product of forced labor and therefore inadmissible into the United States. From March 2022 to June of this year, customs officials seized a total of $1.7 billion worth of goods linked to the XUAR.

Yet, goods shipped directly from Malaysia and Vietnam together are worth six times what gets shipped directly from China, $1.4 billion vs. $223 million. This suggests that some importers might have figured out how to skirt forced-labor restrictions.

Egypt saw an increase of 23.7 percent between this July and last, OTEXA said, registering 6.22 billion SME this year compared to 5.03 billion SME last year. That was considerably less than the jump between the first six months of 2023 and the first six months of 2022, which was 97 percent.

The Czech Republic increased by 9 percent July year over year, 2.90 billion SME this year compared to 2.66 billion SME last year. Bangladesh registered an increase of 3.7 percent July year over year, for 2.44 billion SME this year and 2.35 billion SME last. That's better than the 31 percent decrease registered comparing the first six months of this year with the first six months of last.

Mexico showed a 10 percent gain, July year over year, clocking in with 8.05 billion SME this year and 7.34 billion SME last year. It is poised to serve apparel companies interested in producing closer to market.

Source: sourcingjournal.com– Sep 12, 2023

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Germany's Heimtextil Trends 24/25 to explore eco-friendly textile tech

Under the new theme 'New Sensitivity', textile transformation is the focus of Heimtextil Trends 24/25, which will be held from January 9-12, 2024. Three approaches show ways to a more sensitive world of textiles—the plant-based production of textiles, the support of textile cycles by technology, and the bioengineered use of natural ingredients. In addition, Future Materials curates regenerative materials and designs.

Heimtextil Trends stand for a progressive theme setting and spectacular stagings for all textile professionals who want to constantly expand their knowledge. After last year's focus on circular solutions, Heimtextil Trends 24/25 will once again shed light on transformative textile innovations, organiser Messe Frankfurt said in a press release.

"At the upcoming event, Heimtextil Trends will again show ways in which the transformation of the home textiles industry is continuing. They thus form the inspirational heart of our trade fair and translate global megatrends into textile visions," said Olaf Schmidt, vice president, textiles and textile technologies, Messe Frankfurt.

Under the title 'New Sensitivity', the focus is on innovations and changes in the composition of textiles, in addition to aesthetic aspects.

"In this context, sensitivity means considering the impact on the environment when making a decision or creating a product. Understanding how natural ecosystems work and prioritising balance as the default are key," said Anja Bisgaard Gaede, founder of SPOTT trends & business.

How does New Sensitivity translate into something concrete in the lifestyle industry, and what does having a sensitive approach to design and products mean? Also, the adoption of Artificial General Intelligence (AGI) is transforming current times. AGI has the potential to bring innovative solutions and help tackle significant challenges, also in the textile industry. However, AGI can have the opposite effect on society. AGI needs the mindset of New Sensitivity that helps simplify complexity, expand creativity, and find unseen solutions, also within the world of textiles, added the release.

Plant-based textiles mean that the fibres are derived from something that grows rather than being synthetically produced. The sustainable advantage of plant-based textiles is that their origin is natural and, therefore, more able to recirculate in existing ecosystems.

They can be divided into two groups. The first group of textiles are made from plant crops. New resilient crops like cactus, hemp, abaca, seaweed, and rubber offer new sustainable textile solutions. Because of mechanical extraction, they can grow despite climate changes and require fewer chemicals in their development. The second group consists of textiles made of plant by-products which are leftover raw materials from production such as banana, olive, persimmon, and hemp.

Technology can support the transformation of textiles through the use of different methods—upcycling and recycling of textiles, textile construction, and textile design. Due to decades of production, textiles are now a material available in abundance. Developing technologies for recycling textile waste and methods for upcycling textiles increases the circular usage of existing textiles.

Furthermore, old textile construction techniques also offer pathways to sustainable solutions. For instance, using knitting technology for furniture upholstery produces less fabric waste. Alternatively, the weaving technique allows the creation of several colours using only a few coloured yarns. Textile Design Thinking is another method that addresses critical issues such as energy usage and durability of natural fibres and enhances these through technological textile advancement.

To a certain degree, bio-engineered textiles represent a fusion of plant-based and technological textiles. Bio-engineering bridges nature and technology and transforms the way textiles are made. They can be divided into two directions—fully bio-engineered and bio-degradable textiles. In the production of fully bio-engineered textiles nature-inspired strategies are adopted. Instead of growing plants and extracting their fibres, textiles are made from the protein, carbohydrates, or bacteria in corn, grass, and cane sugar.

Manufacturing involves a bio-molecular process that creates filaments which are made into yarn. The sustainable advantage of bio-engineered textiles is that they can have some of the same functionalities as synthetically produced textiles, while still being biodegradable because of their natural origin. Biodegradable fibres can be added to conventional textiles like polyester to enhance the conventional textiles' ability to revert to materials found in nature and hence biodegrade in natural environments such as water or soil. Although not biodegrading completely, these bio-enhanced textiles will biodegrade up to 93 per cent compared to conventional textiles.

A sensitive approach to colouring methods is expressed by a dynamic yet subtle colour palette created through natural pigments deriving from the earth, as traditional colouring processes are brought to the next level through innovative bioengineering technology. In pursuit of creating colours that evoke emotions in the senses while at the same time respecting values in protecting the environment, colour bacteria are seen growing pigments generating hues with great richness and depth. This New Sensitivity includes acceptance of natural colour flows, as colours may fade with time or morph into new colourways.

The colourways for Heimtextil Trends 24/25 were inspired by natural colours deriving from avocado seeds, algae, living bacteria, antique pigments such as raw sienna, and bio-engineered indigo and cochineal. The high black component in most colours allows for widespread application and a greater variety of combinations. The punchy saturated accents enhance the senses as they lift one's spirits. In contrast, the grounding neutrals in different shades of grey, terra, and even dark purple allow for calmness and tranquillity.

How are regenerative textiles and materials defined? Regenerative design is dedicated to developing holistic creative practices that restore or renew resources, have a positive impact on the environment, and encourage communities to thrive. For Heimtextil 2024, design futures consultancy FranklinTill is curating a global showcase of cutting-edge textiles and materials to illustrate the principles of regenerative design and recognise pioneering designers, producers, and manufacturers who are at the forefront of regenerative design. The Trend Space at Heimtextil in Frankfurt, Germany, will showcase these pioneering solutions in an inspiring way. In addition, Heimtextil Trends will offer visitors orientation and insights into the future of home and contract textiles in the form of workshops, lectures, and other interactive formats.

Source: fibre2fashion.com– Sep 13, 2023

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Protocol amending Vietnam-S Korea customs pact comes into force

The protocol amending the Vietnam-South Korea agreement on cooperation and mutual assistance in customs officially came into force on September 10. The original agreement was signed in 1995.

Signed last December, the amendment document will provide a legal basis for expanding customs clearance benefits for Korean firms to export goods to Vietnam, according the South Korean foreign affairs ministry.

Both sides had agreed in 2018 to consider amending the deal to reflect the changing trading environment, the upward trend in bilateral trade, and to boost support for exporters and importers.

The implementation of the protocol is likely to further fuel the recovery of trade with Vietnam and enhance the competitiveness of South Korean exporters and importers, a Vietnamese news agency reported citing an official of the ministry.

Source: fibre2fashion.com– Sep 13, 2023

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US' apparel prices surge amid import cost fluctuations: Cotton Inc

Retail prices for apparel increased month-over-month for the ninth consecutive time in July (+0.2per cent) in the US. Year-over-year, average retail clothing prices rose for a twenty-eighth consecutive month (+4.5per cent in July). Relative to the average in 2019, clothing prices were 6.1 per cent higher in July, according to a latest report by Cotton Incorporated.

In seasonally adjusted terms, the average import cost per square-metre equivalent (SME) of cotton-dominant apparel decreased -1.2 per cent month-over-month. Although average costs have moved lower than the post-COVID peak (-9.7 per cent relative to the value of $4.31/SME in November 2022), they remain elevated compared to where they were before the pandemic (averaged $3.45/SME in 2019, the value in July was 12.9 per cent higher), as per the US Macroeconomic Indicators & the Cotton Supply Chain - September 2023 by Cotton Inc.

In August, the Conference Board's Consumer Confidence Index fell to 106.1 from 114.0 in July, hovering near a twelve-month average. July saw a surge in inflation-adjusted consumer spending in the US, growing 0.6 per cent month-over-month and 3 per cent year-over-year—the peak in almost 18 months. Although apparel spending escalated by 1.3 per cent month-over-month in July, it experienced a 0.4 per cent decrease year-over-year, marking the fifth straight month of decline. Regardless, the apparel purchasing rate is still over 20 per cent higher compared to 2019.

While job gains have slowed recently, the US economy has remained more robust than anticipated amid inflation and rising interest rates that began escalating in March 2022. Eighteen months later, there is a more optimistic outlook on the US GDP, and predictions suggest that a recession in 2023 and 2024 might be avoided.

This stability is attributed to a resilient labour market, with unemployment rates staying below 4 per cent, a scenario rarely seen in US history. Moreover, despite the reduced pace of wage increments, they have been outpacing consumer prices since May, hinting at stronger spending power, the report added.

Source: fibre2fashion.com– Sep 12, 2023

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EU's Myanmar stance questioned after H&M, Zara exit

The decision last month by two major European fashion brands to stop sourcing goods from conflict-torn Myanmar over labor rights violations has raised questions over the European Union's stance.

The bloc remains steadfast in the belief that purchasing goods from the country's garment manufacturing sector benefits workers' rights.

Myanmar has been in a crisis since the military launched a coup in early 2021 and ousted the democratically elected government. Anti-military groups launched a "people's revolution" and now control vast swathes of the country.

Sweden's H&M and Spanish-headquartered Inditex, owner of the world's biggest clothing retailer Zara, announced last month that they would phase out sourcing of goods from Myanmar following a landmark report that found "widespread" worker abuse, unpaid wages and forced salary reductions, as well as union intimidation.

Although the EU has imposed seven rounds of sanctions on junta officials and their associated businesses, it has not yet cut Myanmar off from its privileged trade scheme, claiming that doing so would lead to tens of thousands of job losses in the garment sector.

But a steady stream of European fashion giants are quitting the market, with Spanish fashion retailer Mango and Ireland's Primark winding down their business in Myanmar last year.

The departure of H&M, the world's second-largest fashion retailer, is perhaps the most significant as it was a crucial player in the EU-funded MADE in Myanmar program, which attempts to improve working conditions in the country's garment industry. As of early 2023, H&M was sourcing goods from 41 factories in Myanmar that employed nearly 42,000 workers, according to company data.

Judith Kirton-Darling, acting joint general secretary of industriAll Europe, a federation of trade unions, told DW the departure of the two firms is "a win for trade unions and democracy."

"We have long been insisting that [European] brands listen to the calls from trade unions in Myanmar that responsible business conduct is clearly impossible in a country where workers and trade unionists are threatened, arrested, and tortured," she said.

Why is Europe still doing business in Myanmar?

In June, a report by the Peace Research Institute Oslo estimated that more than 6,000 civilians have been killed since the coup, most by junta forces. The National Unity Government (NUG), which claims to be Myanmar's legitimate government, was established by members of the coup-ousted National League for Democracy (NLD) administration and civil society actors, including members of the country's numerous ethnic minorities.

The NUG has called for a "people's revolution" to dismantle military dominance over politics and to foster minority rights through a new federal system. However, the NUG has wavered on whether to stop foreign companies from sourcing goods from Myanmar's factories.

"We do not want Burmese workers to be unemployed," said Linn Thanh, the NUG's envoy to the Czech Republic. "But related companies can pressure Burmese entrepreneurs to ensure Burmese workers have full labor rights. We just want responsible investment."

However, he told DW that H&M and Inditex pulling out of the country signals that foreign companies don't trust the junta's management of the economy.

Since the coup, Brussels has argued that ending Myanmar's tax-free trade benefits under the preferential Everything But Arms (EBA) scheme would have very minimal impact on the junta's finances but would lead to potentially tens of thousands of job losses.

An estimated 700,000 people worked in Myanmar's vast garment industry before the COVID-19 pandemic, and the majority are young female migrants from rural areas, according to estimates by the European Chamber of Commerce in Myanmar.

Despite the escalating conflict, EU imports from Myanmar rose from €2.3 billion in 2021 to €4.3 billion last year, of which more than 73% were clothing goods, according to European Commission figures.

Report shows Myanmar worker abuse

But an influential report published in early August by Business and Human Rights Resource Centre, a workers' advocacy group, found 212 alleged cases affecting at least 108,000 workers between February 2021 and February 2023.

It alleged "widespread" cases of union intimidation, wage theft and "gender-based violence and harassment, including verbal, psychological and physical abuses, and pregnancy discrimination."

Myanmar workers in Thailand struggle to work legally

According to Heidi Hautala, a European Parliament vice president, the arrests of several trade unionists and labor rights defenders in recent months "have made it increasingly difficult for foreign companies to conduct heightened due diligence in Myanmar."

However, H&M and Inditex's decision to withdraw from Myanmar "raises questions on whether they have sufficiently consulted all stakeholders and not simply succumbed to pressure from certain interest groups," she told DW.

"The companies must now ensure legal pay-outs to workers made redundant. They could also help impacted facilities to obtain new orders from reputable buyers," Hautala said.

A spokesperson for H&M told DW that the company has been "monitoring the latest developments in Myanmar very closely, and we see increased challenges to conduct our operations according to our standards and requirements."

"After careful consideration, we have now taken the decision to gradually phase out our operations in Myanmar," they added. "During this process, we will continue to engage with our stakeholders as part of our enhanced due diligence process."

How could the EU respond?

Kristina Kironska, a Bratislava-based academic specializing in Myanmar, said that the decision by the two European brands could lead to an investigation by the European Commission on workers' conditions in Myanmar.

A similar investigation in 1997, which found widespread use of forced labor in Myanmar, led the EU to remove Myanmar from its privileged trade schemes.

A spokesperson for the European Commission said that the EU continues to support "responsible business sourcing from Myanmar" but didn't rule out a punitive ban on Myanmar's trade benefits.

They noted that the EU is now assessing the human and labor rights situation related to Myanmar's EBA status, and a report on this will be "published shortly."

The EU report will probably follow an ongoing commission of inquiry, a highest-level investigation, by the International Labor Organization that is expected to be released in November.

"Accordingly, the EU can and will – where it deems necessary – adapt its policy," the spokesperson added.

According to European Parliament vice-president Hautala, the guiding principle of any response must always be "what is good for the people of Myanmar and their democratic aspirations."

"Rash exits from the country would only make the life of vulnerable workers in the garment sector increasingly precarious and would not benefit the fight for democratic Myanmar," she added.

Source: dw.com– Sep 12, 2023

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Chinese firm announces $19.5 mn investment in Bangladesh

Chinese apparel manufacturing company M/s QSL.S Garments Co Ltd has announced plans to invest $19.5 million in Mongla Export Processing Zone (MEPZ) to establish a ready-made garment (RMG) industry. The agreement was formalised in a ceremony held at the BEPZA Complex in Dhaka recently.

This investment envisages the creation of a fully foreign-owned enterprise that aims to produce an annual output of 6 million pieces of woven and knit garments, encompassing a range of products such as shirts, T-shirts, jackets, pants, and shorts. The factory is projected to generate employment opportunities for 2,598 Bangladeshi nationals, signalling a significant boost to the local economy, Bangladesh Export Processing Zones Authority (BEPZA) said in a press release.

The ceremonial event was overseen by major general Abul Kalam Mohammad Ziaur Rahman, the executive chairman of the Bangladesh Export Processing Zones Authority (BEPZA). Representing their respective organisations, the pact was signed by Nafisa Banu, member (finance) of BEPZA, and Wanle Xuan, managing director of QSL.S Garments.

Source: fibre2fashion.com– Sep 13, 2023

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Global garment sector could lose $65 billion due to climate change

The impact of climate change is here and how. Random flooding is commonplace and summer heat waves are the new normal. From the US to Australia, from Japan to Germany, climate change the new reality the world is grappling with alongside inflation, political conflict and wave after wave of uncertainty.

In this mix, there is the writing on the wall for readymade garment manufacturing hubs that the continual cycle of flooding and heat waves will have a huge detrimental impact. Analysis by Cornell University's Global Labor Institute and Schroders has stated this could mean not only losses to the tune of $65 billion but also a loss of over a million jobs in this sector by 2030 – bearing the brunt of this colossal damage would be primarily Pakistan, Bangladesh, Cambodia and Vietnam, followed by parts of China, India, Sri Lanka, Mauritius, Myanmar, Thailand and Nicaragua amongst others.

The study included 32 garment manufacturing hubs spread across the world. Researchers mapped the supply chain footprint of six global apparel brands across the four production centers. The findings show workers and manufacturers for all six face productivity impacts from extreme heat and flooding

The realty on sectoral impact

Researchers looked at the climate vulnerable apparel industries in Bangladesh, Cambodia, Pakistan and Vietnam, which collectively represent 18 per cent of global apparel exports, house approximately 10,000 apparel and footwear factories and employ 10.6 million workers. In a communiqué, Angus Bauer, Head of Sustainable Investment Research at Schroders commented:

"Rising heat stress and intense flooding represent $65 billion in would be export earnings and nearly one million forgone jobs for key apparel producing regions for 2030, increasing significantly for 2050. These issues pose material risks for brands, retailers and investors as they manifest either through productivity losses, stranded assets or both. This research highlights the urgent need for action.

Investors must begin to engage with apparel companies and their stakeholders to ensure they start to measure and address the significant challenges of physical climate impacts on workers and business models.

Furthermore, apparel companies must look to partner with suppliers, and work with peers, worker organisations and policy makers to design suitable adaptation strategies that consider the impact on workers. Adaptation planning could have positive returns on investment for the industry and is a critical addition to mitigation efforts."

In the same communiqué, Cornell University's Global Labor Institute's executive director Jason Judd said, "Flooding and extreme heat pose significant risk to every constituency in global apparel production — workers, manufacturers, regulators, investor and brands themselves. But no one is factoring the on-the-ground costs of climate breakdown into their planning.

The apparel industry and regulators have mostly framed their climate responses around mitigation issues—emissions, water usage, and recycled fabrics. They are ignoring the climate issues that are dramatically and directly affecting suppliers and their workers now.

The Global North's climate nightmares are already in evidence in Bangladesh, Pakistan, Cambodia and elsewhere. Life, let alone work, will become very difficult in these and many other hotspots that apparel brands and retailers depend on for production."

The way forward

Readymade garment factory workers need protection from extreme heat conditions in the work place. Currently nothing exists in place to provide these vulnerable employees relief from constant deluge and rising heat waves.

These alarming situations should be given the status of health hazard and adequate investments must be made to protect their lives and lifestyle. In order to deal with the day-to-day costs of climate breakdown, workers need social protection systems in place and living wages.

Source: fashionatingworld.com– Sep 11, 2023

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Bangladesh: RMG export potential to EU $60b by 2030: Study

Bangladesh has the potential to raise its readymade garment export earnings up to US$60 billion by 2030 provided with diversification within the garment items mostly non-cotton based.

Besides, an additional US$22.5 billion could be earned from exports of major non-RMG products by that time.

The projections were made at a programme held Monday at a city hotel jointly organised by Research and Policy Integration for Development Bangladesh (RAPID) and Friedrich-Ebert-Stiftung (FES) Bangladesh Office.

Speaking there, Dr MA Razzaque, chairman of RAPID, said, "Bangladesh’s share in cotton fibre garment to the EU is 34.7 per cent while China’s share is only 14.9 per cent."

On the other hand, China’s share in non-cotton garment items to the EU is 41.2 per cent while Bangladesh’s is only 12.2 per cent.

So, here Bangladesh has the potential to explore more markets to the EU if Bangladesh can diversify the products within the garment items, he added.
Mr Razzaque was presenting a study on ‘Exploring Export Diversification Opportunities in the European Union’ at the event.

Bangladesh’s apparel exports to the EU is projected to rise to $46 billion to $60 billion by 2030, Razzaque said in the study.

Sourcing diversification away from China may help Bangladesh’s RMG export growth.

Moving towards MMF can be greatly facilitated by extended EU preferences beyond LDC graduation, he said.

Estimations are based on current supply side capacity demand condition and market access condition.

Non-apparel products with high export potential include footwear, leather goods, home textiles, and fish and shrimp.

With the imminent LDC graduation, the urgency for export diversification has never been more pronounced, the study said.

The EU market, with its vast consumer base and historical trade ties with Bangladesh, can act as a catalyst, it added.

However, along with the dominant role of the garment sector in Bangladesh's exports, its potential for expansion remains vast, especially as China's share in the global market, including in the EU dwindles.

Senior Commerce Secretary Tapan Kanti Ghosh and EU Ambassador to Bangladesh Charles Whitely also spoke there.

Source: thefinancialexpress.com.bd– Sep 13, 2023

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Steady rise of yarn prices ties Bangladeshi apparel exporters in knots

Bangladesh's biggest foreign exchange revenue is from readymade garment exports wherein it enjoys the position of being the world's second largest exporter after China. When this South Asian nation's apparel exporters face a challenge due to escalating yarn prices in the domestic market, it puts this competitive sector that works in slim margins and places the sector in a precarious position. Bangladesh's textile mills have cited multiple reasons why they have been forced to increase the price of yarn and they are legitimate reasons.

Buy local yarn, save the dollar

Bangladesh has been facing serious foreign exchange shortage for last few years and managed to secure a IMF loan, at the beginning of the year. The Bangladesh Textile Mills Association (BTMA), has been continually urging local manufacturers and exporters of readymade garments to buy locally produced yarn and save forex spent on importing.

Industry leaders, economists and government advisors have also promoted this idea on how to support the local textile mills and prevent stockpiling of inventory and save the dollar for importing more important items.

Moreover, local garment manufacturers prefer using locally-made yarn instead of imported ones to maintain the current lead times of 45 to 60 days demanded by buyers, whereas earlier it was 90 to 120 days. However, textile mills have had to contend with high energy costs and higher cost of raw material, necessitating them to increase yarn prices.

The most -consumed 30-carded yarn, used for less expensive, more basic projects, has been selling between $3.50 and $3.60 per kg whereas it was $2.90 to $3.10 a month ago, say textile mill owners. Faruque Hassan, President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA), say as orders for readymade garment export as well as for locally produced textiles have increased, mills have leveraged the demand to increase the price of yarn to make up for years of losses and static inventory.

RMG manufacturers face the heat

Readymade garment makers are rightfully perplexed by the price rise as it cuts drastically into their already slim margins, prompting them to head for sources that are cheaper.

BGMEA spokesperson Mohammed Ali Khokon stated that in the first week of July 2023, the price of 30-card yarn in the domestic market stood at $ 3.20 per ounce and that within the month, jumped to $ 3.50, and increase of $0.30 cents. Indeed, Khokon understands that textile mills have been operating under losses for a while with energy and raw material costs on an upward spiral, it hits the RMG sector hard.

Apparently, BGMEA members had agreed to pay a slight premium to purchase locally-produced yarn in show of solidarity and support but the recent price spikes are beginning to hurt their interests. Many BGMEA members are of the idea that yarn be imported as they can sources at lesser price.

However, there are two roadblocks to this as well – the lead time will become longer and affect the running of production to meet deadlines. The other crucial problem is that Bangladesh’s foreign currency reserves are being built on by the government, making it difficult for individual manufacturers secure dollars for importing yarn that is readily available in the country.

At the moment, Bangladesh needs to leverage the increase in orders and make the most of their competitive pricing – the two bodies BTMA and BGMEA need to work with the government to sort out the bottleneck.

Source: fashionatingworld.com– Sep 13, 2023

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NATIONAL NEWS

India, Saudi Arabia Invest Forum meets in New Delhi, decides to set up offices in both countries

On the sidelines of the State Visit of the Crown Prince and Prime Minister of the Kingdom of Saudi Arabia, His Royal Highness Mohammed bin Salman bin Abdulaziz Al Saud to India, to participate in the Leaders' Summit of the bilateral Strategic Partnership Council, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry of India and the Saudi Ministry of Investment organized an India-Saudi Arabia Investment Forum 2023 ("The Forum") in New Delhi yesterday.

The Forum witnessed the attendance of more than 500 companies from India and Saudi Arabia. This is the first such formal investment symposium between India and Saudi Arabia and it comes as a follow-up to the announcement made, previously, by the Saudi Crown Prince to invest approximately $100 Billion in diverse sectors of the Indian economy.

The Ministerial Session of the India-Saudi Investment Forum 2023 was co-chaired by the Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal and the Minister of Investment, Kingdom of Saudi Arabia, H.E. Mr. Khalid A. Al Falih.

Jointly addressing the business gathering, the two Ministers discussed, inter-alia, ways and means of expanding bilateral collaboration in various domains including start-ups, digital infrastructure development, increasing collaboration between the business and investor ecosystems of the two countries including through closer cooperation between the Investment promotion agencies of the two countries and through setting up of investment promotion offices, encouragement of Saudi Sovereign Wealth Funds to consider direct investments into India in addition to the current inflow of investments through funds, and possibility of joint projects.

Some of the other key outcomes during the Ministerial discussion included concurrence on fast-tracked realization of partnership opportunities identified under the Committee on Economy and

Investments of the Strategic Partnership Council. The Ministers also outlined potential investment collaborations in the domains of food processing, logistics and infrastructure, healthcare, energy particularly renewable energy, skill development, space, ICT, start-ups particularly in the digital domain.

In welcome remarks at The Forum, Secretary, Department for Promotion of Industry and Internal Trade, Shri Rajesh Kumar Singh highlighted the importance of bilateral relationships between the two countries and emphasized upon mutual growth by furthering economic and cultural relations between the two countries.

The Forum also witnessed detailed Presentations by Invest Saudi, Invest India, Economic Cities and Special Zones Authority of Saudi Arabia, GIFT City, IFSC (International Financial Services Centre), Saudi Ministry of Culture and the Film Commission, and National Center for Privatization, Saudi Arabia, showcasing the abundant Investment Opportunities, both in India and in Saudi Arabia.

Further, breakout sessions were conducted with the discussion centred on potential bilateral collaboration in the domains of: ICT & Entrepreneurship; Chemicals & Fertilizers; Energy & Sustainability; Advanced manufacturing; and Food security. Concerned businesses from both sides with expertise and interest in these sectors addressed the gathering to share their views on the potential for enhanced collaboration in these respective domains.

Earlier in the day, more than 45 Memorandum of Understanding (MoUs) were concluded between the two sides, in G2B and B2B formats. These MoUs are expected to further deepen the economic engagement between the two sides and are also likely to accelerate investment flows between the two sides.

Source: pib.gov.in– Sep 12, 2023

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Quick Estimates Of Index Of Industrial Production And Use-Based Index For The Month Of July 2023 (Base 2011-12=100)

The Quick Estimates of Index of Industrial Production (IIP) are released on 12th of every month with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments.

For the month of July 2023, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 142.0. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of July 2023 stand at 111.9, 141.2 and 204.0 respectively. These Quick Estimates will undergo revision in subsequent releases as per the revision policy of IIP.

As per Use-based classification, the indices stand at 141.7 for Primary Goods, 101.6 for Capital Goods, 151.8 for Intermediate Goods and 168.5 for Infrastructure/ Construction Goods for the month of July 2023. Further, the indices for Consumer durables and Consumer non-durables stand at 118.1 and 152.2 respectively for the month of July 2023.

Details of Quick Estimates of the Index of Industrial Production for the month of July 2023 at Sectoral, 2-digit level of National Industrial Classification (NIC-2008) and by Use-based classification are given at Statements I, II and III respectively. Also, for users to appreciate the changes in the industrial sector, Statement IV provides month-wise indices for the last 12 months, by industry groups (as per 2-digit level of NIC-2008) and sectors.

Along with the Quick Estimates of IIP for the month of July 2023, the indices for June 2023 have undergone the first revision and those for April 2023 have undergone final revision in the light of the updated data received from the source agencies. The Quick Estimates for July 2023, the first revision for June 2023 and the final revision for April 2023 have been compiled at weighted response rates of 92 percent, 94 percent and 95 percent respectively.

Release of the Index for August 2023 will be on Thursday, 12th October 2023.

Note: -

This Press release information is also available at the Website of the Ministry - https://www.mospi.gov.in/

Press release in Hindi follows and shall be available at:

https://www.mospi.gov.in/hi

Click here for more details

Source: pib.gov.in– Sep 12, 2023

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August records all-time high e-way bill generation, indicating festival demand surge and GST growth

E-way bill generation touched an all-time high in August at 9.34 crore, data from GSTN (IT backbone of the indirect tax system) showed. The previous high was 9.09 crore in March this year.

Though GSTN has not mentioned reasons for record generation, companies are dispatching higher volumes to meet festive demands. Also, the rising number of registered taxpayers and better compliance lead to higher generations. At the same time, recovery in consumption demand also contributes to more movement of goods, resulting in more e-way Bill.

An e-way bill is an electronic document generated on a portal, evidencing the movement of goods and indicating whether tax has been paid. As per Rule 138 of the CGST Rules, 2017, every registered person who causes the movement of goods (which may not necessarily be on account of supply) of consignment value of more than ₹50,000 is required to generate an e-way bill.

This is required for movements between the two States and within a State. However, a State or UT, with the legislature, can decide the threshold for the value of goods to be applicable for movement within its boundary.

There could be some impact on revenue collection because of more and more e-way bills, but evidence indicates that a higher generation of e-way bills would lead to higher collection.

For example, data from GSTN shows e-way bill generation crossed an all-time high of 9 crore in March, resulting in an all-time collection in April at ₹1.87 lakh crore. In April, the generation came down to 8.44 crore; subsequent collection in May was ₹1.57 lakh crore.

Similarly, on a month-on-month basis, e-way bill generation rose to 8.79 crore in July, but collection in August came down to Rs 1.59 lakh crore. It is also possible that the movement of goods might have occurred in the same month of consumption or even a month before that, which is why e-way bill generation may have an impact on collection spreading over two months.

Sandeep Sehgal, Partner-Tax, AKM Global, a tax and consulting firm, stated that the increase in e-way bill generation indeed points to buoyant GST collections, as evident from the past few months. The festival season will improvethe economic condition by boosting higher economic activity and transactions. Gautam Mahanti, Business Head with IRIS Business Services z,feels This increase in e-way bills also means the government might collect a lot of money in taxes (GST) in September.

"The fact that this happened at the same time as a report about factories making more things (PMI data) suggests that businesses are getting ready for the festive season, like Ganesh Chaturthi, Dussehra and Diwali and continues till Christmas . Factors contributing to this surge include increased compliance obligations and the build-up of festive stock .Additionally, a reduction in the sales threshold for reporting wholesale transactions and improved goods shipment have played a role in this economic uptick," he said

However, both Sehgal and Mahanti have some words of caution. "It is important to note that while increased e-way bill generation is a positive sign, the overall economic conditions depend on various factors beyond this, such as consumer spending, investment, and government policies," Sehgal said. Adding to that, Mahanti listed challenges like rising prices and high interest rates.

Source: thehindubusinessline.com– Sep 13, 2023

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Analysing India's FDI flows

Over the past decade, India has become an attractive investment hub, attracting foreign investments, particularly from Mauritius and Singapore, which have consistently ranked among the top five investing countries. In FY23, India received $46.03 billion in FDI equity inflows, a decrease from the $58.77 billion recorded in FY22.

FDI remains vital for bolstering domestic industry, stimulating growth, and enhancing global competitiveness. Nevertheless, as India's international ties deepen, it must carefully consider the potential risks of providing foreign investors unfettered access to critical sectors.

Sector-specific analysis of DPIIT data highlights a notable trend: despite the government's Make in India initiative, more than 90 per cent of investment has funnelled into non-manufacturing sectors, with the manufacturing sector predominantly receiving non-greenfield investments.

Within sectors, there's a heterogeneous composition. In 2022, the services sector saw the lion's share of investment, with the financial sector leading, while research and development received a mere 0.2 per cent (the lowest).

Similarly, the computer software and hardware sector attracted a significant portion of inflows, constituting nearly 31 per cent of the total. However, the bulk of investments went into computer software (0.2 per cent in hardware), largely due to ICT industry acquisitions. These sectors deal with sensitive and critical data, including personal and geographical information, making them data-rich and vulnerable. Dependence on foreign solutions increases the risk of exploitation, underscoring the need for proactive security measures.

Regional disparities

Regional disparities in FDI have widened over the years, with FDI-attracting States maintaining their dominance while others miss out on its positive spillover effects. In 2023, the top 10 States attracting FDI include Maharashtra (28.6 per cent), Karnataka (23.6 per cent), Gujarat (16.9 per cent), Delhi (13.3 per cent), Tamil Nadu (4.5 per cent), Haryana (4.15 per cent), Telangana (2.5 per cent), Jharkhand (1.4 per cent), Rajasthan (1.1

per cent), and West Bengal (0.7 per cent), leaving the remaining 22 States sharing a mere 2.4 per cent of FDI.

This skewed distribution hampers the development and competitiveness of States. The Southern and western States of Gujarat, Maharashtra, Tamil Nadu, and Karnataka boast more favourable investment environments compared to their northern counterparts.

Under the consolidated FDI Policy 2020, investments under the 'automatic route' require no prior permission, resulting in minimal monitoring. Sectors like agriculture, manufacturing, airports, e-commerce, pharmaceuticals, railway infrastructure, among others, allow 100 per cent FDI.

Conversely, investments under the 'government route' in sectors like defense (beyond 49 per cent), mining (100 per cent), print media (26 per cent), and telecom (beyond 49 per cent) necessitate government approval. However, security clearances apply only to specific areas such as broadcasting, defense, private security, civil aviation, and mining, with the Ministry of Home Affairs (MHA) and Ministry of External Affairs (MEA) overseeing scrutiny and security clearance. Additionally, investments from Pakistan and Bangladesh also require security clearance.

The primary amendment in the consolidated FDI Policy 2020 aimed to prevent "opportunistic takeovers of weakened domestic companies by foreign firms" during the Covid-19 pandemic. It explicitly stated that countries sharing land borders with India could no longer invest under the automatic route and must seek approval for proposed investments. This rule applied to China, Bangladesh, Pakistan, Bhutan, Nepal, Myanmar, and Afghanistan.

Additionally, it required government approval when the beneficial owner investing in India belonged to any of these seven countries. However, a clear definition of a 'beneficial owner' is missing in the FDI Policy and causes ambiguity to both domestic firms as well as foreign investors. The Companies Act is the only source of credible reference of definition, so far.

The Foreign Investment Promotion Board (FIPB), which once processed approval route investments, was replaced by the Foreign Investment Facilitation Portal (FIFP) in 2017 for faster processing. Applications received are then directed to relevant ministries.

While India has experienced an FDI boom, it's time to assess the investment composition and regulatory framework, to realise if it's really a cause to self-congratulate and celebrate.

Services dominate

Currently, most investments flow into the services sector, particularly computer software, or involve brownfield projects that don't substantially boost employment or capacity. This trend leads to minimal diversification and transfers ownership of Indian companies to foreign entities. Reverse repatriations and outflows are also quite sizable.

Additionally, investments primarily concentrate in megacities, exacerbating regional disparities instead of fostering development in less-developed areas. Focusing FDI on high-tech greenfield manufacturing activities is necessary for capacity building, managerial improvement and skill development in India.

India requires a transparent, regulatory framework for 'investment promotion' while simultaneously establishing an impartial, uniform screening mechanism for 'investment protection'. It's vital to recognise that foreign investors aim to benefit from their investments.

Drawing from global examples, an independent body monitoring investments based on recognised risk parameters is in the nation's long-term interest. There is also a need to balance the nation's domestic potential and resilience with its equally important economic interests without explicitly hampering the interest of the foreign investors.

Source: thehindubusinessline.com– Sep 12, 2023

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India-Russia mull speedy operations on new sea route

India and Russia seek to soon begin operations on the Eastern Maritime Corridor (EMC), Shipping Minister Sarbananda Sonowal said on Tuesday.

An official statement said the EMC is estimated to reduce the time required to transport cargo between Indian and Russian Ports of Far-East Region by up to 16 days.

Once complete, it will take 24 days, down from presently over 40 days, to transport goods from India to Far East Russia. The trade route between Mumbai and St Petersburg covers a distance of 8,675 nautical miles which takes approximately 35 to 40 days.

The Chennai-Vladivostok sea route (EMC) will be covering a distance of about 5,600 nautical miles. A large container ship which travels at the normal cruising speed of 20-25 knots (37-46 km/hour), will be able to cover this distance in approximately 10 to 12 days, the statement added.

Sonowal, who is on an official visit to Russia, said, "Currently, there are 802 projects worth investment of more than $65 billion for implementation under the Sagarmala Programme by 2035. Out of which, 228 projects worth $ 14.6 billion have been completed and 260 projects worth $ 27 billion are under implementation."

Another 314 projects worth $ 24 billion are under various stages of development, he added.

Source: economictimes.com– Sep 12, 2023

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