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## IBTEX No. 196 of 2023 — November 08, 2023

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# INTERNATIONAL NEWS

## China's strangle-hold over global garment exports frustrates many brands

Since 2016, China has been seeing a slow but steady downgrading of its status as the world's number one exporter of consumer goods as its share declines. One reason could be increasing labour costs are pushing Western importers to look at more lucrative manufacturing hubs, particularly in textiles and apparel. For decades, China has been the world's factory, churning out cheap products for the masses. However, the tide is turning, as many companies are looking to shift their manufacturing operations away from China.

China has already lost ground in key consumer categories, including clothing and accessories, footwear, furniture, and travel goods, while also seeing a decline in its share of exports from minerals, hardware to office technology. However, in reality the geo-political tensions that have driven a growing wedge between the US and its Western allies against China is the main reason. Coupled with this the disruptive supply chain experience buyers faced when the Chinese government imposed a severe pandemic lockdown.

The painful breaking away journey

While the breakaway from China was on a big high from 2020 as the Chinese forced a nation-wide pandemic lockdown and the Biden administration kept issuing warnings about sourcing from the country, the reality is it has been an arduous journey for many brands. Brands are questioning their decision to have left and many are hoping to renegotiate and return their manufacturing to China.

Speaking to a reputable online business platform, Laura Magill, Global Head of sustainability at footwear brand Bata Group, explained she couldn't think of another place that can do the quality, quantity and price as well as China. The mature Chinese ecosystem, established over decades of hard work, not only ensures competitive price points but also delivers stable quality at mass production that's hard to copy.

So where does that leave the likes of Adidas AG and Nike Inc. as garment and footwear manufacturers have been relocating their supply chains away from China, driven by geopolitical concerns and drawn by reduced production costs? Will they find their new hub up to their satisfaction?

New Asian manufacturing hubs continue to rely on China

Vietnam is a classic case in point. While it has gained considerable ground in terms of upping its garment export game at the expense of China, it is still not entirely independent of Asia's biggest economy. Vietnam's clothing industry still relies mostly on Chinese materials such as buttons, thread, labels and packaging with only about 30 to 40 per cent of the materials made locally, points out Duong Thi Ngoc Dung, Vice Chairwoman, Vietnam's Textile & Apparel Association.

Dung however explains, Vietnam is still targeting apparel exports worth $40 billion this year, as some Western clients are emphasizing their decoupling with China under political pressure from the US. This has led to a significant gain for the Vietnamese apparel exports that touched $18.6 billion in the first half of 2023, contributing about 11 per cent to Vietnam's overall exports.

However, Vietnam still finds itself in a bind – it has tried investing in and creating textiles that meet the sustainability benchmarks for the EU but the same EU customers are demanding the products be priced as cheap as the Chinese variant which is not possible due to economies of scale the bigger manufacturing hub enjoys.

A Vietnamese mill-owner in Laskau put it succinctly that Western brands not only have a much higher comfort level working with Chinese manufacturers but also don't have the intent of investing in developing alternative manufacturing hubs.

Source: fashionatingworld.com– Nov 07, 2023

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# UK's retail sales surge 2.5% in October 2023: BRC

UK's retail sales increased by 2.5 per cent in October 2023, surpassing the 1.6 per cent growth observed in October 2022, according to the British Retail Consortium (BRC) Retail Sales Monitor. Despite this growth, the retail sector's performance fell short of the three-month average of 3.1 per cent and the 12-month average of 4.2 per cent.

Over the three months leading up to October, non-food sales saw a decrease of 1 per cent on a total basis, a number that lags behind the 12-month average growth of 0.6 per cent. Specifically, in the month of October, the non-food sector continued its year-on-year decline.

Physical retail outlets for non-food items experienced a minor contraction, with in-store sales dropping by 0.1 per cent on a total basis since October 2022. This decline is a noticeable deviation from the 12-month average growth of 3 per cent, as per BRC.

Online non-food sales also faced a downturn, decreasing by 2.5 per cent in October, though this was less severe than the 6.3 per cent decline recorded in October of the previous year. However, this decrease was more pronounced than the 12-month average decline of 2.9 per cent.

The penetration rate for non-food items dropped slightly to 36.5 per cent in October from 36.6 per cent in October 2022.

Helen Dickinson OBE, Chief Executive of the British Retail Consortium, said:

"Retail sales growth slowed as high mortgage and rental costs further shook consumer confidence. Many households are also delaying their Christmas spending in the hopes they can grab a bargain in the upcoming Black Friday sales.

The cost-of-living squeeze meant more was spent on lower-price indulgences. Meanwhile, the arrival of some colder weather helped to boost fashion sales, particularly for outdoor wear," said Helen Dickinson OBE, chief executive of the British Retail Consortium.

"Retail sales remained weak in October with growth of just 2.5 per cent. Online sales continued to struggle, with negative sales growth recorded in every category other than health and other non-food. This could herald the most competitive Black Friday period that we've seen in a while," said Paul Martin, UK head of retail, KPMG.

Source: fibre2fashion.com– Nov 07, 2023

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# ICAC projects global cotton reserves to reach all-time high

The International Cotton Advisory Committee (ICAC) projects global cotton reserves will reach the highest level ever recorded in its 83-year history of data collection, with China's 23/24 stocks expected to rise to 9.16 million tonnes.

For the 2023–2024 growing season, it is projected that global cotton production would increase by 3 per cent to 25.41 million tonnes, while consumption will fall by 0.43 per cent to 23.35 million tonnes.

Because of this, global cotton inventories are expected to rise by 10 per cent after increasing by 9 per cent in the previous growing season (2022–2023) to reach 23.32 million tonnes.

There will be a significant excess of cotton production on the global market, as China anticipates a significant increase to 9.16 million tonnes, while the rest of the world's warehouses are predicted to swell to 14.5 million tonnes.

The Cotlook A-Index, which attempts to be a good representation of the range of offering prices on the global raw cotton market, is expected to be impacted by the excess. For the remainder of the 2023–2024 season, it is predicted to stay between US $ 0.85 and US $ 0.95 per pound.

It is projected that the global stock-to-usage ratio will rise to 1.00, or roughly a full year's worth of mill use. In addition, it is anticipated that the average production globally for the 2023–2024 season will stay at 771 kg per hectare.

Although the ICAC notes that some drops in planted area would be expected given average cotton prices and declining demand, the overall predicted planted area is expected to be 32.2 million hectares, a "perplexing" 2 per cent increase over the previous season.

Source: apparelresources.com– Nov 07, 2023

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# China's foreign trade sees slight uptick in Jan-Oct 2023

China has witnessed a slight uptick in its trade figures for the first ten months of 2023, with the nation's total goods imports and exports recording a marginal year-on-year increase of 0.03 per cent, reaching 34.32 trillion yuan (approximately 4.78 trillion US dollars), as per the General Administration of Customs.

The period from January to October showed China's exports experiencing a modest growth of 0.4 per cent, resulting in 19.55 trillion yuan. On the flip side, the country’s imports indicated a minor pullback, decreasing by 0.5 per cent to 14.77 trillion yuan compared to the same period last year.

The month of October marked a positive note with foreign trade climbing 0.9 per cent to 3.54 trillion yuan.

Source: fibre2fashion.com– Nov 07, 2023

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# Korea Importers Association, FBCCI sign MoU to boost bilateral trade

The Korea Importers Association (KOIMA) and the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) recently signed a memorandum of understanding (MoU) to strengthen trade and investment relations.

South Korea has recognised Bangladesh as a highly promising investment destination, said FBCCI senior vice president Mohammad Amin Helaly at the signing ceremony.

Korean investment in Bangladesh substantially increased after a special export processing zone was set up exclusively for South Korean investors, he said, adding that FBCCI has set an export target of $300 billion by 2041.

Helaly and KOIMA chairman Byung-Kwan signed the MoU in Dhaka in the presence of Tapan Kanti Ghosh, senior secretary in Bangladesh's commerce ministry, and South Korean ambassador to Bangladesh Park Young-sik, according to media reports in Bangladesh.

Bangladesh and South Korea are celebrating 50 years of their bilateral ties. The former crossed $55 billion in exports to the latter in fiscal 2022-23.

South Korea is the fourth largest in Bangladesh in foreign direct investment, with a total stock of $1.48 billion till June this year. More than 200 South Korean companies are operating in Bangladesh now.

Helaly also urged South Korean companies to explore joint ventures, and subcontracting arrangements with companies from his country, especially small and medium enterprises.

Source: fibre2fashion.com– Nov 07, 2023

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# Bangladesh may lose, China regain RMG export orders: QIMA study

For the first time since 2019, the inspection and audit demands by western apparel buyers in Bangladesh declined by 10 per cent year on year (YoY) between January and September this year, while rising by 14 per cent in China, according to a new report by Hong Kong-headquartered quality control and supply chain audit company QIMA.

Global apparel brands and retailers are pushing for higher sourcing from China and lower from Bangladesh, it noted. US-based buyers, in particular, appear to be scaling back textile and clothing sourcing from Bangladesh, it said.

Bangladesh's Export Promotion Bureau data also revealed that the country's garment exports in October this year saw about 14 per cent YoY decline to $3.16 billion, monthly lowest since August 2021 when the sector earned only $2.73 billion.

Interest in China sourcing may be picking up again among the US- and EU-based buyers - in the first nine months of 2023 - the relative share of China in their supplier portfolios has increased for the first time since 2019, according to the report.

As consumer spending in the West is slowing down due to fears of economic downturn, brands and retailers may be prioritising China as a supplier again, to leverage the benefits of its well-established manufacturing infrastructure, the report noted.

The QIMA report, however, suggested that Bangladesh should diversify its supplier offering to protect its exports from future shocks. "The country's apparel industry, which is currently heavily cotton-oriented, can benefit from branching out into manmade textiles," it said.

Bangladesh holds 34.7 per cent share in the EU's cotton imports, whereas its share for non-cotton garments is only 12 per cent. Besides readymade textiles, there is a lot of potential in export of footwear, leather and home textiles, it noted.

Source: fibre2fashion.com– Nov 07, 2023

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# Texworld LA & Apparel Sourcing LA 2024 edition to be held on Aug 13-14

Texworld Los Angeles and Apparel Sourcing Los Angeles, leading fashion textile and apparel sourcing platforms, have announced the dates for their 2024 edition. Following the triumphant debut in 2023, Texworld Los Angeles and Apparel Sourcing Los Angeles are gearing up for another impactful event.

The co-located premier sourcing event will return to the California Market Center (CMC), taking place on August 13-14, 2024, offering industry leaders, designers, and buyers an unparalleled opportunity to explore the latest trends, innovative materials, and sustainable practices, organiser Messe Frankfurt said in a press release.

As the fashion industry continuously evolves, Texworld and Apparel Sourcing Los Angeles are committed to providing a platform that keeps pace with these changes.

Just like the debut event, the 2024 edition will feature an extensive range of fashion textiles, apparel, accessories, local sourcing resources, and more from countries including South Korea, Peru, China, the US, India, Turkiye, and more.

Attendees can once again look forward to engaging seminars and panel discussions led by top industry experts, as well as an inspiring F/W 24/25 trend display, curated by NYC-based agency, Doneger | TOBE.

Show partners Printsource, Lenzing Fibers, and CCPIT-TEX will also return and provide a unique and enriching dimension to the event in 2024. Their continued involvement reinforces the industry's collective responsibility towards innovation, sustainability and education, and global connection, added the release.

The topic of sustainability will also undergo a re-shape at Texworld events as it aligns its activities with those of the textile trade shows within Messe Frankfurt´s Texpertise Network. Under the new communicative umbrella ´Texpertise Econogy´, Texworld Los Angeles will provide advanced orientation on sustainability for buyers.

“Texworld Los Angeles and Apparel Sourcing Los Angeles were envisioned to elevate the textile and fashion landscape on the West Coast. We were delighted with the turnout and the positive feedback received from participants.

The event’s success underscores the importance of such platforms in fostering innovation, sustainable practices, and global collaborations,” stated Jennifer Bacon, VP of Fashion + Apparel, Messe Frankfurt.

Source: fibre2fashion.com– Nov 07, 2023

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## Is AI the Key to Sustainability in Fashion?

Artificial intelligence has become more than just a buzzword for most fashion and apparel brands. Implementing the technology could be necessary to help retailers and manufacturers keep up with changing markets, trends and demands.

A number of startups in the industry have been using artificial intelligence to solve unique problems in sourcing, product development, manufacturing and traceability.

Lawrence Lenihan, executive chairman and co-founder of Resonance and Jordan Zhang, chief technology officer and co-founder of Hyran Technologies joined Jessica Binns, managing editor of Sourcing Journal for a discussion focused around artificial intelligence's potential impacts on production as part of Sourcing Journal's Nov. 2 Fall Summit.

Resonance helps its customers design, produce and track the progress of made-to-order garments using AI. This means brands can produce less waste caused by rampant overproduction. Lenihan said the technology addresses the concern of brands having to rapidly adapt to trends and fluctuating demand.
"It's the problem of everything's dynamic. And the complexity of dealing with [being] dynamic is… how AI really will make its impact in the industry," he said.

Hyran Technologies uses artificial intelligence to assist brands with holistic production planning, enabling them to reduce excess inventory and optimize products and strategies with greater overall flexibility.

Zhang said Hyran brings together a number of data points, like forecast history and accuracy, product descriptions and manufacturing information, and uses its AI model to make a decision based on that intel.
"We bring that all together into a model, the goal of which is to say, at this given point in time, what is the best possible action for all stages of my supply chain… that minimizes the incremental risk that I'm taking on?" Zhang said.

AI has reached a peak in its hype cycle due to the influx of conversation and action surrounding generative AI since OpenAI's launch of ChatGPT in 2022. Lenihan said, unlike other technologies, he believes AI's impact will continue to permeate the fashion and apparel industry, even if it experiences a short lull in implementation, which many technologies, like Web3 and the metaverse, don't bounce back quickly from.

Both Hyran Technologies and Resonance lean on AI to ensure brands can decrease the amount of unused or unwanted inventory they have, which could be a key to better forward movement where ecologically responsible production is concerned.

According to data from Fashinza, about 30 percent of the world's apparel is expected to never be sold. That waste often goes to landfills or ends up polluting the global South. Lenihan said brands have to be better.

"Sustainability isn't a feature—it's a constraint on your business. You will be paying for this one way or another. I don't care if you're indifferent to what happens to the rainforest—you will be paying for it. And so you will have to make it transparent; you will have to be accountable for it. And if you're not, it'll cost you," he said.

And Zhang said that in order to achieve better forecasting and production models, companies need to change their structural architecture.

"A lot of people we speak to, seeing our AI DNA in our company say, 'Well, can you use AI to make forecasting better?' … And our answer to them is not if you do everything the same way you're doing right now," he said. "Things have to change on the production side, to increase the amount of agility and flexibility that is possible and reduce the amount of time it takes to get the products and to make decisions. Otherwise, there is a fundamental ceiling [on] the ability to forecast accurately."

And though that kind of overhaul and rebuilding may take time to happen, Lenihan said the fashion and apparel industry desperately needs to evolve—and AI could be a productive way to move forward.

"This industry is broken. It's the second most polluting industry on the planet; nobody is making any money," he said. "Optimizing little different parts isn't going to change this industry, it's not going to change the impact. You have to change completely."

Source: sourcingjournal.com– Nov 07, 2023

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# Vietnam clears project to develop waterways, logistics in south

Vietnam's transport ministry recently cleared a five-year World Bank-funded $163.34-million (3.9-trillion VND) project to develop waterway corridors and logistics in the southern region.

The project is aimed at improving the infrastructure system and reducing congestion, accidents and the cost of transporting goods by waterway by renovating and upgrading the East-West transport corridor connecting the Mekong Delta region, and improving the North-South transport corridor connecting the southeast region with the Cai Mep Thi Vai port cluster, a domestic news agency said citing Duong Thanh Hung, head of the Waterway Project Management Board.

Of the total investment, the World Bank loan capital is $106.96 million non-refundable aid capital from the Australian government, $0.58 million.

Waterways will be dredged and improved to remove blockages on the East-West corridor in Hau, Tra On and Mang Thit rovers and canals in Can Tho city and Ho Chi Minh City.

It will also tackle congestion on the North-South corridor through Dong Nai, Nha Be, Long Tau and other rivers.

Both the corridors can then accommodate large container ships and connect better and faster with deep-water inland ports.

Source: fibre2fashion.com– Nov 07, 2023

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## What is the cost of Africa's continued reliance on raw cotton exports?

Africa is one of the largest cotton producers in the world. 37 out of 54 African countries produce cotton, and the region accounts for about 20% of the world's cotton production. Cotton farming is a vital source of income and livelihood for millions of Africans, especially smallholder farmers, who cultivate it using rain-fed and crop rotation methods.

However, while African cotton fibre accounted for 7.5% of global production in 2022, sub-Saharan countries exported more than 81% of their raw cotton rather than transforming and using it locally. This situation has several negative consequences for the continent's economic development and even its environmental sustainability.

Beyond Africa's cotton fields

Cotton is a dynamic crop. It is the most widely used natural fibre for clothing and apparel, as it is soft, breathable, durable, and easy to wash and dye. Cotton can be woven into different types of fabrics, it can also be blended with other fibres, such as polyester, rayon, or wool, to create different textures and properties.

The global cotton textile and apparel market was valued at $1.1 trillion in 2020, making the industry one of the most dynamic and labour-intensive sectors in the global economy.

Cotton is not only a source of fiber, but also a source of oil, seed, and lint. Cottonseed oil is extracted from the seeds of the cotton plant and can be used for cooking, baking, salad dressing, and margarine. It can also be refined into biodiesel.

The residue left after the oil is extracted, known as the cottonseed meal, can be used as animal feed, fertilizer, or protein supplement. The cotton lint, the short and fuzzy fiber that covers the cottonseed, can be used for making paper, cardboard, cotton swabs, bandages, and filters. According to the World Economic Forum, the value of cotton lint is about four times higher than that of seed cotton, and the value of finished garments is about 20 times higher than that of lint.

The leftover material from cotton production known as cotton waste can be recycled, reused, or converted into useful products, such as soap, candles, mats, rugs, pillows, quilts, and insulation. It can also be composted, fermented, or gasified to produce organic fertilizer, ethanol, or biogas. The global cotton mill consumption is projected to grow by 1.3% per year over the next decade, reaching 28.5 million tonnes in 2030.

However, Africa's share of this cotton market is very low, as most of its cotton is shipped to Asia, especially China, Vietnam, Bangladesh, and Turkey, where it is used in the textile industry. The Asia-Pacific Textile Market size is estimated at $381.47 billion in 2023, expected to reach $432.69 billion by 2028.

In contrast, Africa's textile and apparel industry is underdeveloped, fragmented, and uncompetitive. Africa also produces about 2.5 million tonnes of cottonseed, which is 5.8% of global production, yet only 75% of the seed is crushed for oil and seed meal, and the rest goes unused. As a result, Africa's cotton value chain is truncated, and the continent misses out on the potential income, employment, and export diversification that could be generated from processing its cotton.

Unraveling the Cotton Paradox

One of the reasons why Africa exports most of its raw cotton rather than transforming and using it locally is the lack of adequate infrastructure and technology for cotton processing. Cotton is almost entirely cultivated by smallholder farmers in Africa, with very few major plantations.

The African cotton processing market is constrained by high energy costs, outdated machinery, low productivity, and poor quality standards. Moreover, the African textile industry has since declined due to competition from cheaper imports from Asia, especially China, which has a large market share in the global textile and clothing sector. In recent times, only Egypt has made efforts to revive its textile manufacturing industry. Hence, Africa relies on exporting their raw cotton rather than transforming and using it locally.

However, relying on merely exporting raw cotton exposes African countries to the volatility and uncertainty of the global cotton market, which is influenced by various factors beyond their control. These include fluctuations in demand and supply, changes in consumer preferences, competition from synthetic fibers, trade policies and subsidies of major producing and consuming countries, exchange rate movements, and weather shocks. For example, during the COVID-19 pandemic, there was a severe impact on African cotton producers, who saw their incomes and livelihoods threatened by the collapse of the market. Moreover, the dependence on raw cotton exports makes African countries vulnerable to the concentration and bargaining power of a few buyers, who can dictate the terms and conditions of trade and capture most of the profits.

Moreover, exporting raw cotton entails a significant loss of natural resources and environmental services, as cotton production requires large amounts of land, water, and inputs. Cotton is a thirsty crop, consuming about 2,700 litres of water per kilogram of lint. In some regions, such as the Lake Chad basin, cotton irrigation has contributed to the depletion and degradation of water resources.

Cotton also uses about 6% of the world's pesticides and 16% of the world's insecticides. These chemicals can have negative effects on human health, biodiversity, and soil fertility and contribute to climate change. African countries essentially export their scarce and valuable natural resources without receiving adequate compensation or investing in their conservation and restoration.

The economic implications of Africa not using its raw cotton locally are significant. The African cotton processing market has the potential to reach $7.34 billion by 2028, growing at a CAGR of 4.91% during the forecast period (2023-2028). By exporting raw cotton, Africa loses the opportunity to add value to its products and create more jobs and income for its people.

Source: venturesafrica.com– Nov 07, 2023

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# Indonesia Launches Investigation On Safeguarding Cotton Yarn Products From Vietnam

On October 27, 2023, the Indonesian Trade Security Committee (Komite Pengamanan Perdagangan Indonesia – KPPI) issued Notice No. 05/KPPI/PENG/10/2023, initiating an investigation into the application of safeguard measures for cotton yarn products from Vietnam.

The Indonesian Textile Association (API) filed the request on behalf of Vietnamese cotton yarn manufacturers urging the KPPI to initiate safeguard measures against cotton yarn products from Vietnam.

The investigation follows Government Regulation No. 34 of 2011 (PP 34/2011) related to anti-dumping measures, compensation measures, and trade remedy under the Decision of the Minister of Trade of Indonesia No. 85 of 2003 (Kepmenperindag 85/2003) concerning the investigation request for protecting the domestic industry from the consequences of increased importation.

The products under investigation include cotton yarn classified under HS codes 5204.11.10, 5204.19.00, 5204.20.00, 5205.11.00, 5205.12.00, 5205.21.00, 5205.22.00, 5205.24.00, 5205.26.00, 5205.32.00, 5205.41.00, 5205.42.00, 5205.43.00, 5205.47.00, 5205.48.00, 5206.11.00, 5206.12.00, 5206.14.00, 5206.21.00, 5206.23.00, 5206.24.00, 5206.25.00, 5206.31.00, 5206.32.00, 5206.33.00, 5206.42.00, and 5206.45.00.

Case Details

During the period 2019-2022, the applicant's production decreased by 6.53%. In 2019, the production was 100 index points, dropping to 85.98 index points or 14.02% in 2020.

Furthermore, in 2021, the production increased by 5.59%, but in 2022, it decreased by 78.41 index points or 13.63% compared to the previous year. Experts attribute this decrease to reduced domestic demand due to an influx of imported products saturating the domestic market.

In terms of domestic revenue, there was a 5.36% decline from 2019 to 2022. In 2019, domestic sales were 100 index points, decreasing to 85.44 index points or 14.56% in 2020. While domestic sales increased by 16.13%

in 2021, they dropped to 79.19 index points or 20.19% in 2022 compared to the previous year. The cause was identified as an overflow of imported products dominating the domestic market.

In 2019, productivity was at 100 index points, increasing to 107.85 index points or 7.85% in 2020. Furthermore, in 2021, productivity increased to 110.95 index points or 2.87%. However, in 2022, productivity slightly decreased to 109.02 index points. During the period 2019-2022, productivity increased by 2.91% due to a significant decrease in the labor force.

According to the information in the investigation request, the unforeseeable increase in the importation of cotton yarn from Vietnam was due to substantial investments and expansions in the Vietnamese yarn industry since 2019.

Additional investments in Vietnam led to the installation of 250,000 more yarn spindles in 2021 compared to 2020, with a capacity of 2,600,000 tons. This capacity further increased in 2022 with an additional 100,000 yarn spindles compared to 2021, reaching a capacity of 2,700,000 tons.

Related parties can review detailed information about the investigation in the initiation notice. Relevant parties with rights and interests can register as interested parties by submitting written proposals before November 11, 2023, which is 15 days from the issuance of the initiation notice.

All submissions/requests from Vietnamese stakeholders must be sent both in writing and electronically, clearly stating the name, address, email, phone number, and fax number of the concerned party to the KPPI.

To safeguard their interests, Vietnamese businesses involved in the investigation are advised to contact a reputable legal firm specializing in anti-dumping and trade defense in Vietnam and internationally to receive timely assistance.

The initiation notice can be downloaded here.

Source: mondaq.com– Nov 07, 2023

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## Study says Bangladesh may see decline in apparel export orders; increased sourcing from China likely

The apparel export from Bangladesh is expected to experience a decline in orders, while China's sourcing is poised for a resurgence. This shift is attributed to a notable reduction in the demand for textile inspections and audits from international buyers in Bangladesh during the period from January to September 2023, which contrasted with a significant increase in China, as reported by Quality Inspection Management.

QIMA, a prominent provider of supply chain compliance solutions, shared insights in their Q4 2023 report titled Is China Sourcing Regaining Prominence as Western Consumer Demand Slows Down?

The report highlighted a 10 per cent year-on-year decline in inspection and audit demand from global buyers during the first nine months of 2023. In the same timeframe, there was a substantial 14 per cent year-on-year growth in the demand for textile inspections and audits in China, particularly among western buyers, which saw a 17 per cent increase.

Meanwhile, Faruque Hassan, the President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), reportedly expressed that the apparel manufacturers in Bangladesh have been facing challenges for several months due to a global economic slowdown.

The Recent political and labour unrest in the country has further exacerbated the situation, leading to a decline in work orders even if the sluggish global demand for apparel, driven by high inflation, has also contributed to this situation.

Source: apparelresources.com– Nov 07, 2023

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# NATIONAL NEWS

## India taking up EU carbon tax issue with WTO, onboarding other countries for support: Goyal

India is concerned by the upcoming carbon tax imposition of the European Union (EU) – the Carbon Border Adjustment Mechanism (CBAM) – and is taking it up at the WTO and also bilaterally, so that exporters and producers get a fair deal, Union Commerce Minister Piyush Goyal said on Tuesday. According to him, India would also insist on the implementation of Common But Differentiated Responsibilities (CBDR) and finance support as determined under the Paris Agreement.

"We are taking it (CBAM) up with the EU and at the WTO very, very seriously," Goyal said during his speech at the fourth edition of the Indian Steel Association's annual conclave here. "India will not be accepting any unfair levies and taxes," he said adding that India is "work(ing) and fight(ing) for a fair deal".

The CBAM or carbon tax (a kind of import duty) will come into effect from January 1, 2026. But in the transition phase, which came into effect from October 1 this year, domestic companies across seven identified carbon-intensive sectors - like steel, cement, fertiliser, aluminium, and hydrocarbon products - have to share data regarding emissions (embedded) in the products exported to the EU.

"I will assure you that we are extremely concerned about CBAM..... We shall try to work and fight to get a fair deal for the Indian producers and exporters and nobody is complacent about CBAM," Goyal said.

On-boarding other countries

According to the minister, apart from India, other countries have also taken a stand on this proposed carbon tax. India is also in discussions with other countries to "onboard" them on the issue and also address this "very serious concern".

China and Japan have been among the Asian countries, apart from India, which reportedly have been quite vocal against CBAM. "We are not scared of anything that the other countries have to throw at us. Collectively the world will have to take a view on this (CBAM) and we shall be focussing our energies to get other countries on board to address this very serious concern," Goyal said.

Trade sources say, that while countries like China, South Korea, and even Australia have established emission trading schemes (to price carbon) most of the exporters across these countries lack broad awareness about EU rules, and there isn't an established uniform emission accounting and reporting practice. Recently, Japan's carbon pricing scheme kicked off on the Tokyo Stock Exchange.

They say CBAM is being viewed as a trade barrier across industry; while the EU is pitching it as an environmental measure. "We will always find innovative solutions. But I can assure you that India will not be accepting unfair taxes or levies being put on its steel or aluminium industry or on any industry," Goyal said.

CBDR and finance

According to Goyal, the EU would have to allow "common but differentiated responsibility" (CBDR) to India on the issue as New Delhi is a developing economy. "We are conscious of they have to allow CBDR or provide funding or technical support that was committed at Paris before the Paris Agreement took shape...Which is yet to happen in spite of developed countries wanting in this direction. And we shall be taking up this issue," he reiterated to the industry. India's 26.6 per cent of exports of iron ore pellets, iron, steel, and aluminium products go to the EU. These products would be hit by CBAM. India exported these goods worth ₹7.4 billion in 2023 to the EU.

Review of FTAs

Goyal said work is on to provide better access to the steel industry in different countries through free trade agreements (FTAs). In order to protect domestic steel players, India is including provisions like "high value-added norms" and "melt and pour" in these agreements. "We are looking at both the options so that our steel industry gets protected....These provisions would deter countries from misuse of FTAs (too)," he said.

Source: thehindubusinessline.com– Nov 07, 2023

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# UK PM Rishi Sunak likely to visit India as and when FTA is ready to be announced

Notwithstanding the phone call between PM Narendra Modi and his British counterpart Rishi Sunak last Friday, the much talked about visit by the UK PM to India is not on the cards until the Free Trade Agreement is finalised and ready to be signed.

Sunak has also been kept busy by developments in West Asia and there are speculations that a trip in the middle of a conflict may not be feasible, ET has learnt. There are reports that the deal could be sealed in December after the state assembly elections. The two sides have differences whether taxation will be included in a proposed investment protection pact, as well as the UK's demand that tariffs be cut on electric vehicle exports to India.

Launched on January 13, 2022, the India-U.K. FTA began its latest 13th round of negotiations on September 18. The two sides were earlier looking to conclude FTA negotiations in October for a visit by Sunak in October last week ahead of Diwali. But final deal is yet to be

India-UK bilateral trade has increased from $17.5 billion in 2021-22 to $20.36 billion in 2022-23. With the talks reaching a critical juncture, both sides are now discussing contentious issues like tariffs on alcohol, Scotch whisky, rules of origin and visas for professionals.

Sunak spoke to Prime Minister Narendra Modi last Friday afternoon during which both leaders discussed the need to "de-escalate" tensions and the importance of protecting innocent civilians in the Israel-Gaza conflict. The phone call centred around the situation in the Middle East but also covered bilateral ties and the progress being made towards an "ambitious" deal in the ongoing India-UK free trade agreement FTA negotiations.

The leaders discussed recent progress on free trade agreement negotiations. They agreed on the importance of securing an ambitious deal that benefitted both sides, according to a UK government readout. Sunak would likely showcase the deal as a benefit of Brexit.

Source: economictimes.com– Nov 07, 2023

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# Walmart on track to meet $10b annual exports from India by 2027, says sourcing head Andrea Albright

Walmart is on track to reach its target of sourcing $10-billion worth of goods from India each year by 2027, a senior executive said.

“We don't disclose individual numbers on progress, but we feel confident about the goals that we have set forth,” Andrea Albright, executive vice president, sourcing, at Walmart, told ET.

India is already one of the top sourcing markets for the world’s largest retailer with annual exports worth about $3 billion, according to the company.

Hundreds of Indian sellers have joined Walmart Marketplace since it opened this year and many of them have seen double-digit growth, the company said.

Major differentiators for India include the size of the workforce, the range of category coverage, and the price point being “very competitive”, Albright said. “Everything from food to antibiotics, drug manufacturing, toys, apparel and home…it is such a breadth of categories and that’s quite unique to have in one country,” she said.

Walmart had in December 2020 said it would triple its exports of goods from India to $10 billion a year by 2027.

With a goal of accelerating progress towards this commitment, the US company will soon start the application process for its first growth summit in India, offering export-ready suppliers, micro, small, and medium enterprises (MSMEs), cross-border trade suppliers, and innovative supply chain companies an opportunity to pitch for business.

The summit will bring together dozens of Walmart buyers from the United States and Indian companies to evaluate their products for export, with buyers offering real-time, on-the-ground deals and prospects.

The summit is scheduled for February 14-15, 2024 in Delhi.

Walmart aims to increase exports across categories where India has expertise, including food, consumables, health and wellness, general merchandise, apparel, shoes, home textiles, and toys.

India-made apparel, homeware, jewellery, hardlines and other popular products reach customers in 14 markets, including the US, Canada, Mexico, Central America and the United Kingdom via Walmart's Global Sourcing office in Bengaluru, which opened in 2002.

Source: economictimes.com – Nov 08, 2023

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# SEZs should be allowed to sell goods in domestic market on payment of duty foregone on inputs: GTRI

The government should consider allowing the sale of products manufactured in Special Economic Zones (SEZs) in the domestic market on payment of duty foregone on inputs as that would help promote value addition, think tank GTRI said on Tuesday. At present, units in SEZs are allowed to sell their products in the Domestic Tariff Area (DTA or domestic market) on payment of duties on an output basis (finished goods).

The Global Trade Research Initiative (GTRI) said the government already allows DTA sales on payment of duty foregone on input basis to firms operating under the 'Manufacturing and Other Operations in Warehouse Regulations (MOOWR)' scheme.

The government can "extend the same concession to the SEZs for parity sake. This will encourage value addition within the SEZ, as in most cases, the tariff on finished products is higher than on inputs," GTRI Co-Founder Ajay Srivastava said.

He added that SEZ units could be incentivised to increase value addition to avail the benefit of DTA sales, which could further enhance technological advancement and skill development.
These zones are treated as foreign territories for trade and duties, with restrictions on duty-free domestic sales.

Companies operating within SEZs are allowed to import materials and components duty-free, with the condition that the finished goods produced are meant to be exported out of India and sold in the Indian domestic market on payment of applicable duties on the output.

On demand of units in SEZs that they should be permitted to sell their products in the domestic market without paying import duties, the GTRI said and added that this would distort the export focus as well as lead to a loss of revenue for the government.

"SEZ units are intended to be export-oriented. If goods from SEZs are allowed into the DTA on the same terms as free trade agreement imports, this might disincentivise exports and turn these zones into back doors for importing goods duty-free for the domestic market, defeating the purpose of having export-focused zones," it said.

Such a move would also adversely affect the domestic industry by the influx of SEZ-made goods sold at lower prices due to duty exemption.

"This could lead to unfair competition and potential job losses in domestic manufacturing sectors," Srivastava said.

According to him, the government will lose customs revenue if SEZ-produced goods are sold in the domestic market without import duties.

Unlike FTA imports, which are expected to be balanced by reciprocal benefits from partner countries, allowing duty-free DTA sales from SEZs does not offer such a balance, he added.

SEZs have emerged as an important contributor to India's exports. Total exports from these zones stood at USD 155.8 billion in 2022-23. These included USD 61.6 billion of merchandise and USD 94.2 billion of service exports.

Source: economictimes.com – Nov 07, 2023

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# Indian cotton production to be 6% lower this year

Cotton production during 2023-2024 cotton season is expected to be 6% lesser than the season that ended on September 30. The Committee on Cotton Production and Consumption, which met on November 6, estimated cotton production in the current season (October 2023 to September 2024) to be 316.57 lakh bales (170 kg each) as against 336.60 lakh bales in 2022-2023.

The total consumption by textile mills is expected to be 294 lakh bales compared with 295 lakh bales last season. Exports are likely to be 25 lakh bales and imports 12 lakh bales. The committee projects production to be lower in the central (Gujarat, Maharashtra, and Madhya Pradesh) and southern zones (Telangana, Andhra Pradesh, Karnataka and Tamil Nadu).

Cotton production is affected by pink bollworm and inadequate monsoon in many parts, said Atul Ganatra, president of the Cotton Association of India. According to Nishant Asher, secretary of Indian Cotton Federation (ICF), the main issue this year will be demand and not supply.

The daily arrivals to the market at present is 70,000 to one lakh bales. Currently, Indian cotton prices are on a par with the international prices. If the international prices decline, Indian cotton will become expensive. This will hit the domestic textile industry further, he said. The International Cotton Advisory Committee said in a press release on November 1 that global cotton production in 2023-2024 is expected to be higher 3% (25.42 million tonnes) and consumption lower by 0.43 % (23.35 million tones), thus resulting in global stocks seeing 10% jump.

“Cotton prices will remain low because global demand for textiles and clothing is very low,” said J. Thulasidharan, president of the ICF. The price of Shankar-6 variety of cotton on Monday, November 7, was ₹56,500 per candy.

Cotton Corporation of India Chairman and Managing Director Lalit Kumar Gupta said its officials were present at all procurement centres and will ensure that farmers get the minimum support price. “Price is subject to many factors, including domestic and international inventory,” he said.

Source: thehindu.com– Nov 07, 2023

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## Open-end spinning mills halt production

Coimbatore: Open-end spinning mills across the state stopped yarn production on Tuesday, demanding the central and state governments to reduce raw material prices and power tariff.

The production strike would leave around 2 lakh workers jobless till the end of this month while resulting in a production loss of 60 crore every day for the mills.

The mills said they would not resume production till November 30.

There are 600 open end spinning mills operating in the state and they are into the production of household textiles such as towels, floormats and bedsheets.

The mills wanted the centre to prohibit waste cotton export, their primary raw material, and the state to reduce electricity tariff.

The mills said waste cotton price has spiked to 117/kg from 97 a few months back. While cotton export is allowed despite demand in the domestic market, a 11% tax levied on import of waste cotton, the mills said. As far as the state government is concerned, the mills wanted the peak hours power charges to be scrapped. They also urged the state government not to levy 'Fixed Demand Charges' when the plant is not in use.

The open-end spinning mills have been going through a tough phase for more than a year. President of Open-End Spinning Mills Association (OSMA) G Arulmozhi said several mills were neither able to pay back the obtained loans nor proceed with the production due to mounting financial stress.

Despite multiple appeals to the Union minister of textiles, Piyush Goyal, and former state electricity minister V Senthil Balaji and the present minister S Muthusamy, the issue has witnessed no progress. Instead, the situation has only worsened, the mill owners said.

AIADMK general secretary Edappadi K Palaniswami on Tuesday expressed anguish over the strike by the spinning mills for 20 days during the festive season.

“I urge the DMK government to withdraw the huge increase in electricity tariff. The representatives of spinning mills associations should be called for a meeting and end the strike,” the former chief minister said, stressing the need for a new textile policy with the support of weavers and spinning mill representatives to see the state continue to lead in the textile industry. AMMK chief TTV Dhinakaran urged the state government to accede to the demand of micro, small and medium enterprises across Tamil Nadu and withdraw power tariff hike immediately.

“The industrial bodies are anguished over the power tariff revision that would paralyze the MSMEs, which are already facing a lot of hardships after Covid-19, such as economic slowdown, rise in the price of raw materials and shortage of workers,” Dhinakaran said in a statement.

Source: timesofindia.com– Nov 08, 2023

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