TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 207 of 2023 November 24, 2023

Currency Watch			
USD	EUR	GBP	JPY
83.35	90.95	104.54	0.56

INTERNATIONAL NEWS

11	Germany backs growth, employment in Ghana's apparel sector
12	Pakistan: To produce or to import?

NATIONAL NEWS	
No	**Topics**
1	Commerce Ministry to collaborate with e-commerce companies to promote exports from districts
2	India's YoY growth in economic activity rises to 13.3% in Oct: ICRA
3	Cotton Corp to procure premium Kasturi cotton this season
4	Netherlands to Saudi Arabia: India's key export hubs witness high growth
5	India must tread carefully in negotiating labour provisions in FTAs: Trade experts
6	EAM Jaishankar holds consultation to strengthen India's commitment to BIMSTEC
7	Deceptive signals: On India’s goods exports numbers
8	New FTAs, lower cost of power and logistics to help boost exports: PHDCCI report

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

EU erecting a green wall against Asia's textiles

The European Union has released new trade policies and requirements for exporting textiles to the EU market, policies that have been accused of trade protectionism.

Among them, the June 2022 EU Strategy for Sustainable and Circular Textiles (EUSSCT) is likely to significantly impact East Asian textile makers, who supply over 70% of the European Union's textiles.

Within the EUSSCT, a series of environmental regulations stipulate that by 2030, companies trading clothing and apparel with the European Union must adhere to standards regarding durability, the absence of hazardous substances and the predominant use of recyclable materials.

This strategy is expected to serve as the foundational plan for the evolution towards more sustainable consumption of clothing and apparel by EU member states. In doing so, the European Union could be a pioneer in enforcing its commercial partners to adopt sustainable manufacturing.

Garment, textiles and footwear sectors remain a critical contributor to Asian economies, generating around 60 million jobs for the region and indirect employment for millions more.

The textile industry is still growing in most East Asian countries, with the fastest growth rates recorded in China, Indonesia, Vietnam and Cambodia.

The region is the production hub for heavyweights of the European fast fashion industry like Nike, Zara, C&A and H&M. Textiles are the fourth largest burden on the environment stemming from European consumption.

The East Asian region is the main garment producer in the world – playing a key role in the textile and garment supply chain. In 2019, the region made up around 55% of global textiles exports.

For example, Vietnam exported apparel, garment and textile products valued at US$37.6 billion to the global market in 2022. Out of these exports, 5.4 billion euros ($5.8 billion) went to the European Union.

Source: asiatimes.com– Nov 23, 2023

HOME

****

Tech-driven transformation can tackle fashion's overconsumption, overproduction: Study

The disconcerting image of landfills resembling towering piles of discarded clothing indicates the global fashion industry is grappling with substantial hurdles on its path to greater environmental consciousness. Whether ascribed to the ramifications of fast fashion or the sway of social media-driven 'retail therapy', where clothing becomes a form of self-prescribed comfort, the undeniable truth is that overconsumption and overproduction are intricately linked. This cycle demands an immediate disruption, as dissatisfaction mounts globally with the perceived lack of strides by the fashion industry in realizing its environmental objectives.

OC&C, a worldwide strategic consulting firm specializing in retail and various industries, has collaborated with trend forecasting firm WGSN to release a report addressing this critical issue.

The report proposes harnessing technology to alleviate the overproduction of ready-made garments can yield increased efficiency, reduce waste, and guide the industry toward more environmentally sustainable practices.

As per Mairi Fairley of the OC&C the significant pressure faced by fashion brands, contending with escalating complexities in business models, surging cost inflation, and the imperative to operate in a more sustainable manner. The report underscores the pressing need for the fashion industry to embrace technological solutions as a decisive step towards objectively transitioning to greener practices.

Adopt AI-driven technology for green goals

The OC&C study suggests that a practical initial step is to transition the planning cycle and purchasing process to be more responsive to demand. This shift not only allows for substantial margin gains but also facilitates a reduction in unnecessary waste and CO_2 emissions. The report's primary findings present compelling reasons for the fashion industry to consider.

The study highlights, brands typically anticipate fashion trends before placing orders. Aligning imports with these 'hot' items can potentially boost profit margins by 1 to 3 per cent. Moreover, closely monitoring orders based on predicted or current trends can result in a production reduction of 5 to 15 per cent. Streamlining production in this manner can lead to a 3 per cent decrease in carbon emissions.

AI-driven technology emerges as a valuable tool to assist brands in making informed purchase decisions. By leveraging AI to develop purchase models capable of predicting consumer buying trends, brands can utilize data from online and in-store sales to enable efficient inventory management. Another recommendation is aimed at reducing carbon footprint and optimizing logistics costs, emphasizes the creation of supply chains that are geographically close to a brand's primary markets.

Limited time left for net positivity

The fashion sector is under a ticking clock, with only seven years remaining until 2030—the deadline for meeting the United Nations' Sustainable Development Goals. The Global Fashion Summit, held in Boston in September 2023, unveiled 'The Fashion CEO Agenda of 2023', a succinct report aimed at guiding the establishment and implementation of leadership strategies.

These strategies are designed to propel the fashion sector towards a net positive impact, ensuring that it contributes more to society, the environment, and the global economy than it extracts. The report emphasizes the urgency for industry leaders and affiliated organizations in the fashion industry to act promptly and earnestly in achieving the UN's sustainability goals by 2030.

In an industry grappling with the complexities of overconsumption, a focused approach on technology-predicted streamlined production holds the promise of not only enhancing operational efficiencies and profit margins but also contributing to the gradual absorption of discarded clothing through fashion's embrace of circularity.

Source: fashionatingworld.com– Nov 22, 2023

HOME

****

Japan’s apparel imports surge 4.08% from Jan-Sep’23

In the first nine months of 2023, Japan witnessed a notable 4.08 per cent in apparel imports, reaching a total of $16.66 billion. Particularly in September, Japan imported apparels worth $2.63 billion, indicating a significant month-on-month growth of 17.41 per cent compared to the previous year.

However, it's important to highlight the volume of these imports decreased by 3.95 per cent in September 2023 compared to the same month previous year.

China retained its position as the leading apparel exporter to Japan between January and September 2023, with exports totaling $8.70 billion. Nevertheless, this marked a decline of 3.38 per cent from the previous year. Vietnam emerged as the second-largest exporter, with 13.28 per cent increase, amounting to $2.82 billion during the same period.

Japan's apparel imports from Bangladesh, India, Pakistan, and Indonesia also saw a rise in value during this timeframe, despite a decrease in volume.

Source: fashionatingworld.com– Nov 22, 2023

HOME

****

Viet Nam companies should take advantage of UKVFTA and increase imports

Experts are advising Vietnamese enterprises to boost their imports of raw materials from the UK to leverage the favorable tariffs provided by the UK-Việt Nam Free Trade Agreement (UKVFTA). Under the UKVFTA, Viet Nam can eliminate 48.5 per cent of tariffs starting from January 1, 2021; 91.8 per cent of tariffs from January 1, 2027, and 98.3 per cent from January 1, 2029. Additionally, 1.7 per cent of tariffs can be eased through tariff rate quotas or are not entitled to preferential treatment.

Since January 1, 2021, the agreement has allowed Viet Nam to remove 61 per cent of tariff lines for machinery and appliances imported from the UK, with plans to extend this benefit to all other products after nine years. Commencing from January 1, 2021, Viet Nam has already abolished 80 per cent of tariffs on raw materials for textiles, garments, and footwear, with intentions to eliminate tariffs on all other products within four to six years.

As per General Department of Customs statistics, Viet Nam imported goods worth nearly $373 million from the UK, comparable to the same period in 2022. Major imports from the UK included machinery, equipment, tools, and spare parts (24 per cent); raw materials for textiles, garments, leather, and shoes (5.2 per cent) among others.

A recent survey by Vietnam Report indicates 72.7 per cent of Vietnamese businesses are planning to diversify their supply sources, particularly for imported raw materials in the future. Their objective is to secure new suppliers offering competitive prices.

Source: fashionatingworld.com– Nov 22, 2023

HOME

****

US sees record $303.1 bn in online sales in Q4 2022

The last quarter of 2022 witnessed a remarkable surge in online shopping in the US, with sales reaching $303.1 billion, a significant 23.4 per cent increase over the average quarterly sales of $245.6 billion in the first nine months. This trend of a Q4 surge in online sales has become a reliable pattern, as evidenced by the data from 2022, where online transactions accounted for 16.3 per cent of all retail sales, compared to an average of 14.1 per cent in the first three quarters.

As of the first three quarters of 2023, e-commerce has totalled $793.7 billion, representing 14.9 per cent of all retail sales, setting the stage for another potential record-breaking Q4, according to an article titled 'Online shopping has grown rapidly in US, but most sales are still in stores' by Drew DeSilver published by the Pew Research Center.

Historically, since 2000, online sales have shown a predictable growth pattern, spiking in Q4 every year. This trend began with just 0.7 per cent of retail sales in Q4 1999 and reached 12.4 per cent by Q4 2019. However, the COVID-19 pandemic in early 2020 disrupted this pattern, leading to an unprecedented increase in online sales as consumers shifted to e-commerce due to lockdowns and store closures.

In Q2 2020, online sales surged by 55 per cent from the previous year, reaching $205.3 billion, and by Q4 2020, e-commerce accounted for a record 16.7 per cent of all retail sales. Even as physical stores reopened and shopping habits began to normalise, the online share of retail sales has remained significantly higher than pre-pandemic levels, indicating a lasting impact of the pandemic on consumer behaviour.

In Q3 2023, non-store retailers dominated the e-commerce landscape, capturing nearly 62 per cent of all online retail sales, a jump from just over 59 per cent the previous year.

Source: fibre2fashion.com– Nov 24, 2023

HOME

****

Turkiye's CBRT hikes key interest rate by another 500 bps to 40%

Raising its benchmark one-week repo rate by another 500 basis points to 40 per cent, the Turkish central bank (CBRT) today indicated that the pace of monetary tightening will slow down with the tightening cycle to be completed in a short period.

This is the sixth straight rise under new governor Hafize Gaye Erkan, appointed in June this year. The bank has raised its one-week repo rate by 3,150 basis points since June, with 500-point hikes in the previous two months.

"The current level of monetary tightness is significantly close to the level required to establish the disinflation course," a CBRT statement said.
Related News

"Accordingly, the pace of monetary tightening will slow down and the tightening cycle will be completed in a short period," it noted.

Turkish Statistical Institute (TurkStat) data show the country's annual inflation eased to 61.36 per cent in October from a nine-month high of 61.53 per cent in the preceding month.

"Headline inflation edged down in October and remains in line with the outlook presented in the most recent Inflation Report. The existing level of domestic demand, the stickiness in services inflation and geopolitical risks keep inflation pressures alive. On the other hand, recent indicators suggest that domestic demand has started to moderate as the monetary tightening is reflected in financial conditions," the central bank further said.

The central bank expects inflation to rise from around 61.4 per cent last month to peak at 70-75 per cent in May next before dipping to about 36 per cent by the end of next year.

Source: fibre2fashion.com– Nov 23, 2023

HOME

****

Levi's, 'Illegitimate Cotton' and 'Imaginary' Forced Labor Risks

Forced labor is one of fashion's most worrying concerns, thanks to increasing regulatory scrutiny, legislative firepower and the omnipresent specter of negative press.

In Canada, the Canadian Ombudsperson for Responsible Enterprise (CORE) has launched deep-dive investigations into several major companies related to their alleged involvement in forced labor, including the Canadian subsidiaries of Levi Strauss, Zara, Ralph Lauren, Nike, Diesel, Hugo Boss and Walmart.

But uncovering the true relationships between suppliers and brands can prove maddeningly difficult. Because of regulations like the Uyghur Forced Labor Prevention Act (UFLPA), companies importing goods into the United States have begun spending more time and money investigating their supply chains, with more incentive than ever to work out the kinks and weak links.

The UFLPA requires U.S. importers to bear the burden of proof that their products have not been produced either fully or partly in China's Xinjiang Uyghur Autonomous Region. U.S. Customs and Border Protection (CBP) will prohibit goods linked to the embattled region from trading in the American market.

The law assumes that any goods that have been touched by the Xinjiang region have direct ties to the forced labor of Uyghur people, whose abuse has been labeled genocide by the U.S. and other governments.

As companies scramble to comply with the UFLPA, they must show that every tier of their supply chain is compliant. Previously, many placed that burden on their Tier 1 suppliers.

Because of the need to understand all facets of their supply chains, companies have turned to traceability solutions, forensic cotton testing companies and real-time supply chain mapping platforms to help them uncover any potential ties to forced labor and other risks.

But even as those platforms help brands, suppliers and governments glean insights into potential risks, it can be difficult to confidently link brands to Tier 4 and Tier 3 suppliers, said John Foote, partner at law firm Kelley Drye & Warren and an expert in supply chain compliance and forced labor issues.

“There are different gradations of relationships that are less than an actual supply chain, and a lot of times they get mistaken for being an actual supply chain when they’re not,” he said.

Foote categorized supply chain linkages into four buckets: actual, direct, theoretical and conjectural.

An actual supply chain, he said, exists when a brand can, with certainty, be connected to its suppliers, whether Tier 1, 2, 3 or 4.

Direct supply chain linkages use evidence to show there reasonably could be a connection between a brand and the suppliers that its Tier 1 suppliers source from, Foote said.

“In a direct supply chain, you know for sure, based on evidence, that the parties are, in fact, doing business with one another, and the nature of what they are buying and selling from one another are such that they could form an actual supply chain,” he explained. “For example, if you have a sale of cotton fabric from a Tier 2 to a Tier 1, and then you have a sale of cotton apparel from a Tier 1 to an importer, that would presumably be evidence of a direct supply chain. Whether it’s evidence of an actual supply chain is not necessarily clear.”

Where things start to become even murkier, he said, is in theoretical and conjectural supply chain linkages.

Per Foote, theoretical supply chain linkages rely on the idea that commercial transactions that may have occurred between early-tier suppliers could show a link between a company and a distant supplier—but often, the goods exchanged between suppliers don’t match the types of materials that would be needed for a supplier to create a garment for its end importer.

And conjectural supply chain linkages, he said, are often based on suppliers’ peripheral connections to the Xinjiang geography, rather than actual evidence.

"I would say that that's even a lesser degree of risk than a theoretical risk. It's a conjectural risk, which is a nicer way of saying 'imaginary,'" he said. "We don't have any evidence in that type of supply chain that there is problematic merchandise … under the jurisdiction of the UFLPA, but we could imagine it because there is this Tier 4 entity that has a relationship connection to the region."

Levi Strauss & Co. is named as a company that is linked to Xinjiang-headquartered Jiangsu Lianfa in a widely circulated report from Sheffield Hallam University known as "the Murphy report," nicknamed for its author, Laura Murphy. The report states that the Stüssy partner, among a number of other companies, has ties to Jiangsu Lianfa through an Indian intermediary company, called Aquarelle India Private Limited, through what Murphy labels "cotton laundering."

That report has been one of the main sources of intel that the CORE investigation used against the red tab jeans purveyor, which previously told Sourcing Journal that the claims made in the filing are based on "outdated and inaccurate data from 2017-2019 that were included in reports published in 2020 and 2021."

Publican Trade Solutions, which uses artificial intelligence-based technology to analyze supply chains based on fraud patterns, told Sourcing Journal that its analysis shows that, in 2022, Levi Strauss had a robust relationship with supplier Aquarelle India, a subsidiary of Ciel Textile that makes casual and denim shirts.

"Aquarelle… in 2022, has, according to our records, shipped 5,000-plus different shipments to Levi Strauss of source material or product," said Ram Ben Tzion, founder of Ultra Information Solutions, which owns the patented technology behind Publican.

Ben Tzion noted that information on whether the Stony Creek Colors partner has continued that relationship through 2023 is not yet available. Ben Tzion said that Jiangsu Lianfa and Aquarelle India have ties that would link Levi's to Jiangsu Lianfa.

"I cannot say with certainty that 100 percent of [Aquarelle India's] cotton is [from China], but I can tell you with great certainty that a significant part is coming from China and from Jiangsu Lianfa, and I can tell you with certainty that they don't have any way to distinguish between legitimate cotton to be shipped to Levi's and illegitimate cotton to be shipped to other customers," Ben Tzion said.

Other companies working in supply chain traceability told Sourcing Journal that the potential link may not be representative of what Foote would consider an actual supply chain.

One company that gathers supply chain data confirmed that Levi's is supplied by Aquarelle but denied the denim giant's connection to Jiangsu Lianfa through that supplier. While the company shared that Aquarelle may have previously imported materials from Jiangsu Lianfa, it noted that it's highly unlikely that those materials have recently ended up in Levi Strauss products.

Another supply chain data company told Sourcing Journal that, while it could confirm that the HSBC partner is supplied by Aquarelle India, it could not confirm, based on its data, that Aquarelle India currently has ties to Jiangsu Lianfa.

Levi Strauss did not return Sourcing Journal's multiple requests for comment on its relationship with Aquarelle India and on the practices it uses to root out forced labor risks in its supply chain.

The difference in what the technology platforms' data can reasonably show sometimes results in confusion and unfair allegations about linkages to suppliers blacklisted under the UFLPA, Foote said.

The difference in what the technology platforms' data can reasonably show sometimes results in confusion and unfair allegations about linkages to suppliers blacklisted under the UFLPA.

John Foote, Kelley Drye

"The problem is that if you look at the information in many of these tech platforms, they will not delineate and they'll just say it's a connection, and it really is a 'Six Degrees of Kevin Bacon'-style connection. But, at best, that's a theoretical supply chain," he told Sourcing Journal.

Many companies have zero-tolerance policies toward forced labor, the Emma Chamberlain collaborator included.

Levi's has also recently inked a partnership with Artistic Milliners to enable better organic cotton traceability and has previously signed a contract with the R Collective, which gives the denim seller better insights into its supply chain and circularity efforts.

Foote and Ben Tzion agreed that many brands are working hard to prevent materials from the Xinjiang region from entering their supply chains, which can be a daunting task.

"I have not yet met a company that isn't trying some piece of that puzzle. They're trying to better understand who's in its supply chain, what risk that supply chain presents," Foote said.

To do that, some companies have employed forensic testing companies like Oritain, which leverages forensic science to trace the origin of cotton fibers and other raw materials. The New Zealand-based testing company partners with other denim makers, like Cone Denim, to ensure the cotton used in its products is in line with regulations.

Other traceability solutions, like TextileGenesis, offer fiber-to-retail traceability for brands and suppliers such as Renewcell. Meanwhile, supply chain mapping solutions like Altana, which partners with CBP, enable brands to preemptively mitigate risk factors more effectively.

The USDA estimates that 90 percent of China's cotton is produced in Xinjiang, with only 20 percent of cotton used by Chinese textile manufacturers being imported. The agency also notes that "most Chinese cotton products contain cotton that was produced in Xinjiang."

And a September Reuters report showed that CBP data indicated that, of samples taken in May, 27 percent of garments tested showed some traces of cotton linked to forced labor in the Xinjiang region, even despite companies' flurried partnerships with supply chain traceability companies.

Foote said fully eradicating cotton made with forced labor poses a major challenge.

"I think the reality is that targeting a particular variety of cotton, a particular jurisdiction of cotton, and trying to eliminate it from a U.S.-bound supply chain is an enormously difficult undertaking," he said.

Still, going forward, importers will need to hone their understanding of their supply chains as technology continues to evolve, allowing clearer visibility, Ben Tzion said.

Foote said for importers looking for the most effective solution today, fiber-to-garment traceability tools provide a strong option.

“Regardless of your commodity, regardless of your industry, the grown-up solution is to take responsibility for where this material is, in fact, coming from and to ensure that your source is non-problematic, and that you can track its movement technologically, through the supply chain,” Foote said.

Source: sourcingjournal.com– Nov 22, 2023

HOME

****

Cambodia's economy to grow 5.4% in 2023: World Bank

Cambodia's economic growth is projected to reach 5.4 per cent in 2023, marginally down from 5.5 per cent forecast in May, and pick up to 5.8 per cent in 2024 and 6.1 per cent in 2025, on anticipated increases in infrastructure investment and benefits from regional trade agreements, as per the World Bank.

If structural reforms accompany infrastructure investments and trade opportunities, growth should continue to accelerate in the medium to long term. Cambodia's economy expanded by 5.2 per cent in 2022, according to the World Bank's 'Cambodia Economic Update: Accelerating Structural Reforms'.

Despite major investments in public infrastructure, the country's limited transport and logistics capacity and unreliable energy supply continue to impose high costs on business and consumers. In the short term, overlapping negative shocks from the pandemic, Russia's invasion of Ukraine, and high international interest rates are expected to continue to constrain growth.

Investment in merchandise manufacturing, including of garments, and exports of finished goods have both weakened, reflecting lower global demand. As a result, manufacturing jobs have dropped by 5 per cent, prompting authorities to provide financial support to laid-off workers.

Source: fibre2fashion.com– Nov 23, 2023

HOME

****

Nov euro area biz activity drops, solid fall in new orders: S&P Global

Business activity in the euro area continued to fall during November this year amid a further solid decline in new orders, according to provisional purchasing managers' index (PMI) survey data by S&P Global.

The seasonally-adjusted Hamburg Commercial Bank flash euro zone composite PMI output index posted 47.1 in November to signal a sixth consecutive monthly reduction in business activity across the euro area's private sector.

Although solid, the rate of contraction eased from that seen in October, when the headline index had been at a near three-year low of 46.5.

Both output and new business have now decreased in each of the past six months. In each case, the rate of contraction was softer than in the previous survey period.

New export orders, including intra-euro area trade, continued to decrease rapidly.

Spare capacity as a result of waning demand and relatively muted confidence in the outlook led companies to lower their staffing levels for the first time since the start of 2021, while purchasing activity and inventories were also scaled back.

The rate of input cost inflation hit a six-month high midway through the final quarter of the year, with the pace of increase in selling prices also quickening despite ongoing reductions in new orders. Prices in manufacturing continued to decline.

The rate of contraction was more pronounced in the manufacturing sector. Manufacturing production was down for the eighth month running, and at a rapid pace, albeit one that was the least marked since May.

With new orders down, companies again depleted their outstanding business midway through the final quarter, S&P Global said in a note.

Spare capacity as a result of the drop off in new work inflows meant that firms scaled back their workforce numbers during November, following no change in October. The fall in employment was the first in just under three years, but only marginal.

The overall reduction was driven by manufacturing where jobs were cut to the largest extent since August 2020.

Selling prices fell in manufacturing. Factory output prices were down for the seventh straight month as firms passed on cost savings to customers amid sharply falling demand.

Overall, output prices increased solidly in November, with the rate of inflation ticking up from October.

The overall downturn in the euro zone was driven largely by Germany and France. France posted the sharpest reduction in November as output fell markedly on the back of the steepest decline in new orders in three years.

Rates of contraction in output and new orders in Germany eased, but they remained solid overall. Business activity has now decreased in each of the past five months.

While output also decreased in the rest of the euro area in November, the rate of decline was only modest. Moreover, the rest of the euro zone continued to record job creation, contrasting with the picture in France and Germany.

Source: fibre2fashion.com– Nov 24, 2023

HOME

****

Turkey's clothing makers face rising costs from push to help textile sector

Turkish clothing manufacturers, the third-largest suppliers of apparel to Europe, face higher production costs and risk falling further behind their Asian rivals after the government hiked taxes on textile imports, sector leaders say.

Ankara raised tariffs by 30-100% on hundreds of incoming textile products last week, aiming to support local yarn and fabric manufacturers that appealed for support against a wave of cheaper imports.

Apparel officials say the new taxes are squeezing the industry, which is among Turkey's biggest employers, supplying heavyweight European brands such as H&M, Mango, Adidas, Puma and Inditex.

Job cuts could come, sector representatives say, as import costs rise and Turkish producers shed market share to rivals like Bangladesh and Vietnam.

Exporters can technically apply for exemptions from the tax, but industry sources say the exemption regime is costly and time-consuming, and in practice does not work for many companies.

The sector was already fighting soaring inflation, waning demand and lower profit margins due to what exporters see as an over-valued lira, as well as the effects of Turkey's years-long experiment with cutting interest rates as inflation rose, a policy recently revisited.

The price of a Turkish-made t-shirt is now 40% higher for a European shopper than one from Bangladesh, said Seref Fayat, chairman of Turkey's TOBB Clothing and the Apparel Industry Assembly. A couple of years ago the gap was 15-20%, another source said.

"Fashion brands can bear higher prices up to 20%, but anything more leads to market losses", Fayat said.

Timur Bozdemir, president of DF Manhattan Inc, which manufactures women's garments for the European and U.S. markets, said the new tariff will raise the cost of a $10 t-shirt by no more than 50 cents.

He does not expect to lose customers, but said the changes reinforced the need for Turkey's apparel industry to shift from mass production to value-added.

"If we insist on competing with Bangladesh or Vietnam for a $3 t-shirt, no doubt we will lose," he said.

COMPETITIVE EDGE

Turkey exported $10.4 billion in textiles and $21.2 billion in clothing last year, making it the world's fifth and sixth biggest global exporter respectively.

It is the second-largest textile and third-largest clothing supplier to the neighbouring European Union, European Apparel and Textile Confederation (Euratex) data shows.

But its share of the European market slipped to 12.7% last year from 13.8% in 2021.

Western customers turned to Turkey during the COVID-19 pandemic to cut freight costs amid supply disruptions.

When it ended, the combination of plunging shipping costs and rising domestic inflation dulled its competitive edge.

Textile and apparel exports fell more than 8% through October this year, while overall exports were flat, sector data shows.

The textile sector, facing a rise in cheaper imported fabrics and yarns which in part sparked the need for the tariffs, saw its number of registered employees falling 15% through August.

Its capacity utilisation rate was 71% last month, compared to 77% in manufacturing overall, and sector officials say the rate is near 50% for many yarn manufacturers.

"I've almost stopped production and cut most of the jobs in my yarn facility - and I'm not the only one in this situation," said Fatih Bilici, who runs an Osmaniye-based yarn factory that supplies local and foreign markets.

His company cut daily production to 5 tonnes from 50 tonnes a few months ago. He said the tariffs are vital for an industry struggling to survive.

"It costs me $3.20/kg to manufacture, whereas my Uzbek rival sells it at $2.70. How can I can compete?".

The lira has shed 35% of its value to the dollar this year and 80% over five years. But exporters say the lira should depreciate yet more to better reflect inflation that is running above 61% and touched 85% last year.

TOBB's Fayat said the textile and apparel sector had cut 170,000 jobs so far this year. As monetary tightening cools an overheated economy, it is expected to hit 200,000 by year-end.

Source: reuters.com– Nov 23, 2023

HOME

****

Germany backs growth, employment in Ghana's apparel sector

The Foreign Trade Association of the German Retail Trade (AVE) and the Association of Ghana Apparel Manufacturers (AGAM) recently announced a partnership aimed at fostering sustainable growth and employment in Ghana's textile and apparel sector.

This collaboration is funded by the German ministry for economic cooperation and development (BMZ).

The partnership will focus on strengthening the management of AGAM in a sustainable manner; providing demand-oriented services for member companies; and establishing a professional representation of interests, according to a press release issued in Accra.

It will also involve capacity-building efforts, training and networking opportunities that can enhance the skillsets of these enterprises.

The endeavour is part of a broader objective to improve the business environment for Ghanaian enterprises in the textile and apparel sector, which in turn will drive economic growth and employment development, AGAM acting president Nura Salifu was quoted as saying by a Ghanaian newspaper.

Source: fibre2fashion.com– Nov 24, 2023

HOME

****

Pakistan: To produce or to import?

One common factor in the success of Bangladesh, Vietnam, and Cambodia in the textile sector was their governments' efforts to ensure the availability of basic raw materials for their stitching sectors through liberal and duty-free imports.

These governments recognised that the apparel sector is the most labor-intensive segment of the entire textile chain. All three countries were struggling to alleviate widespread poverty by creating jobs through stitching. For years, they left the task of producing various types of yarns and fabrics to other countries. They understood that the yarn and fabric industries are capital-intensive and do not require a large workforce. Additionally, the raw materials needed for this purpose were not readily available in their respective countries.

They began by stitching garments from imported fabric, and each country established a niche market for its garments. As they captured more markets, the garment exporters of these countries also invested in spinning and weaving sectors.

Bangladesh has become the second-largest exporter of apparel, closely followed by Vietnam. Cambodia, which started later, is catching up. Bangladesh and Vietnam also produce their own yarn and fabric, but the free import of these two basic raw materials continues. Garment manufacturers can purchase yarn or fabric at globally competitive rates from both domestic and global markets. Bangladeshi and Vietnamese spinners and weavers understand that they must be highly efficient to sell their products in the domestic market. Vietnam, which does not produce cotton, has also emerged as a leading exporter of yarn and fabric.

Our textile industry exhibited lopsided and uneven growth. We produce far more yarn and fabric than we can consume. During favorable times, these basic textile products, which are crucial raw materials in garmenting, were easily marketed in global markets. Countries like China, Hong Kong, Bangladesh, Turkey, and even India were their buyers. Over time, we started losing our competitiveness as spinners and weavers failed to upgrade their technology.

More efficient producers ousted them from most markets. Now, they sell more in the domestic market.

Our failure to market these basic raw materials externally demonstrates that our past buyers are purchasing them at cheaper rates elsewhere. Our garment manufacturers are forced to purchase expensive yarn and fabric locally, which has reduced their export margins.

On imports, most of them, being small enterprises, must pay duties, making these raw materials nonviable. There is an impractical bonding facility that is so cumbersome that only a few of the largest exporters could avail of it.

Moreover, we produce a limited variety of yarn and fabric, which restricts our product range. Now is the time for the government to take bold steps and allow the free import of yarn and fabric, as in Bangladesh, to enable our garment producers to enter product lines that have been denied to this sector. By doing so, we would encourage competition in the market.

Spinners and weavers would experience an initial shock as they would be forced to compete with efficient competitors. However, they would gradually improve their efficiency and begin competing both locally and globally.

Pakistan needs to create millions of jobs, and the garmenting sector has the potential to provide livelihoods to the unemployed. Setting up a garment unit is not as capital-intensive as spinning or weaving. Around ten medium-sized garment factories could be established at the same cost needed to establish a spinning mill.

Employment generation would be 50 times higher as modern spinning mills employ only 150-200 workers.

Source: thenews.com.pk– Nov 24, 2023

HOME

****

NATIONAL NEWS

Commerce Ministry to collaborate with e-commerce companies to promote exports from districts

In a significant move to enable micro, small and medium enterprises (MSMEs) and boost e-commerce exports from the country, Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India is collaborating with the various e-commerce players to leverage the Districts as Export Hubs initiative and promote e-commerce exports from the country.

In first such collaboration with different e-commerce platforms, DGFT has signed a memorandum of understanding (MoU) with Amazon India.

As part of this MoU, Amazon and DGFT will co-create capacity building sessions, training and workshops for MSMEs in districts identified by the DGFT as part of the District as Exports Hub initiative outlined in the Foreign Trade Policy 2023, in a phased manner.

The initiative seeks to link local producers even in rural and remote districts with global supply chains. The collaboration aims to enable exporters/MSMEs to sell their 'Made in India' products to customers internationally.

The MoU was signed in the presence of Shri. Santosh Sarangi (Additional Secretary and Director General, DGFT), Chetan Krishnaswamy (Vice President, Public Policy – Amazon) and Bhupen Wakankar (Director Global Trade – Amazon India).

The core objective of this collaboration is to leverage e-commerce platforms to support local exporters, manufacturers, and MSMEs in reaching potential international buyers. The partnership aligns with the Foreign Trade Policy 2023, which identifies e-commerce as a focus area for amplifying India's exports.

Under the collaboration, Districts will be identified by various e-commerce platforms across India, to undertake various capacity-building and outreach activities in collaboration with DGFT- Regional Authorities.

These activities will focus on educating MSMEs on e-commerce exports and enabling them to sell to customers across the world. In addition, the capacity building session will allow MSMEs to learn about imaging, digital cataloging of their products, tax advisory amongst others.

With this, Indian entrepreneurs can build their e-commerce exports businesses and global brands. Under the MoU with Amazon India, 20 districts have been identified for such capacity building and handholding sessions.

DGFT is in discussion with various e-commerce platforms like Flipkart/Walmart, E-bay, Rivexa, Shopclues, Shiprocket, DHL Express etc. to have similar collaboration in other districts of the country under the Districts as Export Hubs initiative.

This will supplement DGFT's efforts to hand hold, promote new and first time exporters and other MSME producers to export from India, thereby making substantial strides towards the goal of $1 trillion goods exports by year 2030.

Source: pib.gov.in– Nov 23, 2023

HOME

****

India's YoY growth in economic activity rises to 13.3% in Oct: ICRA

The year-on-year (YoY) growth in India's economic activity, as measured by the ICRA Business Activity Monitor—an index of high frequency indicators, witnessed an uptick to a 13-month high of 13.3 per cent in October this year from 9.4 per cent in September.

Although the uptick was broad based with 11 of the 16 constituent indicators seeing an improvement in their YoY performance, the improvement was largely driven by a shift in the festive calendar this year compared to last year that obfuscates YoY comparisons in October and November, thereby making it more meaningful to look at the average YoY growth performance for these months, India's rating agency ICRA said in a note.

The month-on-month (MoM) uptick was relatively higher in October compared to the same month in 2018, when the festive season had begun around the same time as this year. The monitor surged by 6.3 per cent on a MoM basis in October compared to 5.3 per cent in the same month in 2018.

This suggests that economic activity remained robust, aided by pre festive stocking and the onset of festive demand in the second half of the month, ICRA said. The early trends for November 2023 are mixed.

The YoY electricity demand growth has moderated to 8.8 per cent in November 1-15 this year from 20.9 per cent in October amid cooling in temperature levels as well as an unfavourable base.

As many as eight of the 14 non-financial indicators saw a stronger MoM performance in October compared to the same month in 2018, including diesel consumption and ports cargo traffic. In contrast, six indicators, including, rail freight, electricity generation and goods and services tax e-way bills, recorded a weaker sequential performance in October compared to the same month in 2018.

Source: fibre2fashion.com– Nov 23, 2023

HOME

****

Cotton Corp to procure premium Kasturi cotton this season

State-run Cotton Corp. of India (CCI) is set to procure over one million bales of premium Kasturi cotton in the current season that began in October. Union Textile Minister Piyush Goyal is scheduled to unveil products crafted from this high-grade fiber on 2 December, as a part of the government's initiative to promote it in global markets.

India's cotton output for the 2023-24 season is projected at 36 million bales of 170 kg each, Lalit Kumar Gupta, chairman and managing director, CCI, told Mint. Last year, output stood at an estimated 34.2 million bales. Despite a marginal decrease in area under cotton to 12.6 million hectare from 12.9 million hectare, Gupta does not expect a hit to output.

Currently, around 300 ginning and pressing factories registered with the Cotton Textiles Export Promotion Council (TEXPROCIL) are equipped to process Kasturi cotton.

Gupta highlighted that unlike India, which has only recently branded its cotton despite being a major producer with the largest area under the cash crop, Egypt has successfully positioned its Giza cotton brand internationally with an annual output of a modest one million bales.

He emphasized that Kasturi Cotton Bharat is produced to stringent standards, with a strict 2% cap on trash content to ensure its premium quality and 100% traceability.

The textile ministry, meanwhile, is slated to organize a three-day global textile event, BharatTex, from 26 February in New Delhi.

Source: livemint.com– Nov 23, 2023

HOME

****

Netherlands to Saudi Arabia: India's key export hubs witness high growth

India’s exports to countries such as the Netherlands, Saudi Arabia, Brazil, and Indonesia have witnessed consistent growth during the past five years (2018–19 through 2022-23) and are set to emerge as major growth destinations for the country’s outbound shipments, according to a report prepared by the PHD Chamber of Commerce and Industry.

These countries have showcased a high average growth rate with India, even amidst the global economic slowdown. Overall, the top 10 highly growing export destinations include Togo (73 per cent), the Netherlands (36 per cent), Brazil (28 per cent), Israel (27 per cent), Indonesia (24 per cent), Türkiye (22 per cent), Australia (20 per cent), South Africa (19 per cent), Saudi Arabia (16 per cent), and Belgium (13 per cent).

The report also points out that there is a need for the volume of exports to also pick up from these nations. “This has had an immediate effect on the growth of exports. Despite a short-term decline that was anticipated to last until September 2023 owing to uncertainty and recessionary headwinds in several advanced nations, exports rose sharply in October 2023,” the report said.

On the other hand, some of India’s key export destinations, such as the United Arab Emirates, China, Singapore, the UK, Germany, and Vietnam, have showcased an average growth rate of less than 10 per cent, indicating that they are moderately growing export destinations.

As far as commodities are concerned, high-growth export commodities such as sugar and confectionery, mineral fuel and oils, aluminium and articles, inorganic chemicals, ships, boats, and floating structures, rubber and articles, and optical, photographic, and medical apparatus would enhance India’s export growth to new heights, Ranjeet Mehta, executive director of the industry lobby group, said.

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

HOME

****

India must tread carefully in negotiating labour provisions in FTAs: Trade experts

India needs to follow a cautious approach while negotiating labour provisions in free trade agreements (FTAs) as those could have potential repercussions on domestic manufacturing and overall trade competitiveness, experts say.

International trade experts claimed that in a significant shift from its longstanding stance, India has begun to engage on labour issues in its trade negotiations with the UK, European Union, and the US-led Indo Pacific Economic Framework for Prosperity (IPEF).

Inclusion of these issues in trade pacts could have negative impacts, they said, adding that the recent US presidential memorandum of Joe Biden on worker rights indicates a deepening focus on labour standards in trade deals.

Negotiations are on fast track with a comprehensive trade agreement with the UK, which seeks to promote trade in goods, services and two-way investments.

Think tank Global Trade Research Initiative (GTRI) Ajay Srivastava said that such provisions could erode the competitive advantage of developing countries by inflating manufacturing costs.

Citing an example, he said that the US-Mexico-Canada free trade agreement, which mandates a minimum wage in Mexico's auto sector, potentially diminishes its competitiveness.

Sharing similar views, trade expert and former government official Sangeeta Godbole also expressed reservations about labour clauses in trade deals.
She was involved in the negotiations of the India-EU trade agreement.

"Even non-binding labour provisions in the EU-South Korea FTA led to a dispute adversely impacting South Korea's auto industry, cautioning against complacency in negotiations," Godbole said.

International trade expert Abhijit Das said that labour provisions in trade agreements often seek enforcement of domestic laws and can lead to punitive actions for non-compliance.

He noted that the labour clauses in the recent supply chain resilience agreement under IPEF as a potential gateway for increased scrutiny and a pressure point for the imposition of import restrictions in future based on alleged labour law violations.

"India must tread carefully in negotiating labour provisions in trade agreements, mindful of the potential repercussions on its manufacturing sector and overall trade competitiveness," the experts said.

Source: economictimes.com– Nov 23, 2023

HOME

****

EAM Jaishankar holds consultation to strengthen India's commitment to BIMSTEC

External Affairs Minister S Jaishankar held a consultation with senior officials of the Ministry of External Affairs and envoys on strengthening India's commitment to BIMSTEC.

"A productive consultation on strengthening India's commitment to BIMSTEC. Joined by senior MEA officials, our Ambassadors in BIMSTEC countries and our incoming Secretary General," Jaishankar posted on X on Thursday.

BIMSTEC: The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation -- is an international organisation of seven countries; Bangladesh, Bhutan, India, Nepal, Sri Lanka, Myanmar and Thailand.

It is a regional multilateral organisation and its members lie in the littoral and adjacent areas of the Bay of Bengal constituting a contiguous regional unity.

BIMSTEC not only connects South and Southeast Asia but also the ecologies of the Great Himalayas and the Bay of Bengal.

It mainly aims to create an enabling environment for rapid economic development; accelerate social progress; and promote collaboration on matters of common interest in the region.

Earlier in July, Jaishankar attended the inaugural BIMSTEC Foreign Ministers' Retreat in Bangkok, Thailand which saw the participation by foreign ministers of all the seven BIMSTEC members.

During the meeting, EAM took forward New Delhi's Neighbourhood First and Act East policies, which are part of India's foreign policy focussing on its extended neighbourhood in the Asia-Pacific region.

Meanwhile, the virtual G20 Summit was held under the chairmanship of PM Modi on Wednesday. The 18th G20 Leaders' Summit was held in New Delhi on September 9 and 10.

It saw the unanimous adoption of the G20 New Delhi Leaders' Declaration, which demonstrated the commitment of the G20 leaders to address global challenges in an inclusive, decisive and action-oriented manner.

During his remarks after the summit, Jaishankar revealed that G20 members welcomed the understanding reached on critical issues, including the release of hostages, the flow of relief material to Gaza, and a temporary pause in the fighting. The leaders conveyed a strong sentiment towards ensuring the implementation of the agreed-upon commitments.

He also underlined the summit's significance as the first gathering of world leaders following the outbreak of conflict in West Asia.

Source: economictimes.com– Nov 23, 2023

HOME

****

Deceptive signals: On India's goods exports numbers

Last month, India's goods exports recorded only their second uptick this financial year, with a 6.2% rise. Merchandise imports grew a sharper 12.3% over last October and nearly 21% over September's tally to hit an all-time high of $65.03 billion. The trade deficit, as a result, also hit a record $31.5 billion.

The import bill was expected to go beyond the relatively tepid trends in recent months, spurred by anticipation of festive demand for items such as jewellery and high-end electronics. But this surge, and the deficit tally, was beyond expectations, with economists describing it as 'a rude shock' thanks to 'idiosyncratic' effects. The Finance Ministry's monthly economic review asserted that merchandise exports "surprised on the upside" with the highest growth in 11 months, and that exports and imports have grown "despite fears of weak global demand".

The high imports and the likely deficit trajectory need not trigger much anxiety yet. The recent decline in oil prices should help this inelastic import bill recede from the seven-month high of $17.7 billion. While festive and wedding demand spiked gold and silver imports to an extent, price drops in precious metals in early October also played a role as jewellers sought to ramp up stocks before prices rebounded.

Similarly, not all of the bump up in electronics imports can be construed as consumption demand. That October was the last month of free imports of personal computers, laptops and servers before the 'deferred' implementation of new import 'licensing' norms, now euphemistically rephrased as an 'import management system', also triggered players into stockpiling inventories of these items.

The government has been trying to rein in the import bill through such measures and a slew of quality control orders, but boosting exports is more critical to support job creation and economic growth. What is worrying is October's headline uptick in exports is a statistical kink – the shipments' value of $33.6 billion is actually the lowest in 12 months and 6% below the 2021 tally. Global trade grew 2% month-on-month in October, but Indian exports dropped 2.6%. This is a clear sign that incremental opportunities that a slowing world is throwing up are being lost out on.

Source: thehindu.com– Nov 24, 2023

HOME

****

New FTAs, lower cost of power and logistics to help boost exports: PHDCCI report

Measures like comprehensive trade pacts, reduction in cost of capital, power, and land reforms will help boost India's exports of goods and services to USD 2 trillion by 2030, an industry chamber report said on Thursday.

The PHDCCI's report also recommended schemes for 75 potential export products including marine items, iron ore, some chemicals, pharma, cotton, aluminium, and tankers to promote shipments.

"The 75 products have been identified from nine most promising sectors. These products contribute around USD 222 billion, which is around 50 per cent of India's total exports. At the global level, these 75 products have significant presence in world exports, whereas India's share of these products is only 6 per cent of the total world exports," it said.

The report - India's Emerging Export Dynamics: Vision USD 2 Trillion Exports by 2030. - added that India's service exports have traditionally been concentrated in North America and Europe, but growing continents like Asia, Africa, and Latin America also offer plenty of scope for growth.

"New free trade agreement should be comprehensive as it will expand and offer diversification as India has a comparative advantage in the service sector," the report said adding such pacts will offer a more balanced opportunity for the country's competitive services sector.

It said that a cut in repo rate will lower the lending rates which will reduce the cost of capital for the businesses leading to an increase in domestic demand and enhancing the competitiveness of producers in the domestic market and exporters in the international market.

The report also said that due to steps taken by the government, costs associated with getting electricity have reduced significantly over the years. However, the per unit charges of power are still significantly high.

"Land is one of the most important factors of production. The government should focus on land reforms which will decrease the complexities for acquiring land, and will improve ease of doing business," the report said.

It suggested that the government should focus on skill development of human resources which will increase the efficiency and productivity, increasing the competitiveness of firms in the international and domestic market.

On export infrastructure, it suggested that the infrastructure is not that much adequate given the rise in the export in the recent years and rail and ports are needed to be upgraded and scaled up to reduce the logistic cost in the country.

To tap the potential opportunity of the 75 products, it called for capacity building in those sectors such as participation in international trade fairs, exhibitions, and buyer-seller meets to showcase Indian commodities, and extension of export promotion schemes for these commodities.

"The dynamic policy environment provided by the government along with efforts of the exporters to connect with global value chains have enhanced the export volumes," Sanjeev Agrawal, President, PHD Chamber of Commerce and Industry, said.

Further, it said the emerging high growth destinations such as Togo, the Netherlands, Brazil, Israel, Indonesia, Turkey, Australia, and South Africa would enhance India's export growth.

Source: economictimes.com– Nov 23, 2023

HOME

****