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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

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Currency Watch			
USD	EUR	GBP	JPY
83.35	91.46	105.85	0.57

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INTERNATIONAL NEWS

China: New materials bring new growth momentum to the textile industry-Lyocell Sustainable Development Roundtable Forum

Since mid-Oct, ZCE cotton futures have been falling from 17,800yuan/mt and the recent price of the main contract has dropped to around 15,000yuan/mt. At the same time, as the traditional textile off-season approaches, there have been some promotional discounts in the lyocell market, and some downstream manufacturers lack sufficient experience in using lyocell, making discussions on how lyocell can achieve long-term sustainable development a hot topic.

Based on these demands, the lyocell industry leader held a roundtable meeting on sustainable development of lyocell at the InterContinental Hotel in Hangzhou. The fiber enterprises attending the meeting have an annual capacity of over 300kt/yr, accounting for more than 60% of the entire industry. The yarn enterprises attending the meeting consume more than 100kt of lyocell per year, accounting for about 50% of the industry. The attendees fully discussed the current status and future development of the industry and reached the following conclusions.

1. The attendees fully recognized the prospects of lyocell fiber itself and downstream usage, based on the following facts:

(1). Lyocell has a green production process. The solvent spinning process can achieve a recovery rate of over 99.7%, with minimal usage of chemical products. The strength of the product is comparable to polyester staple fiber and it also has the characteristics of cellulose fibers such as renewable, degradable and skin-friendly.

(2). Although the price difference between cotton and lyocell has narrowed in recent years, considering the fiber loss and processing costs in the back-end industry chain, lyocell's cost advantage throughout the industry chain is still very outstanding compared to traditional cotton spinning.

(3). Lyocell currently has mature applications in the home textile and denim fields, and some performance was explosive in 2023. From the fiber characteristics of lyocell, it also has obvious practicality in other application fields. The unique "frost" effect of fibers under specific processes has a unique fashion style.

(4). Cotton production has shown a steady downward trend in the past decade. With the increasing competition for land and extreme weather conditions, there will be a shortage of cotton fibers in the future. From historical data and the current economic situation, while the overall fiber consumption growth rate may slow down, it will still maintain a positive growth trend. Global fiber consumption growth in the next five years may exceed 10 million tons. In the context of decreasing cotton production and less new capacity of viscose staple fiber, the supply gap of cotton products could be replaced by lyocell.

2. The application field of lyocell will continue to expand.

From the development in 2023, in addition to traditional and relatively mature fields, lyocell is also increasing applications in new fields, especially in the knitting field. There is a huge knitwear market in China, and if lyocell's application in this area becomes more mature in the future, the usage is expected to double quickly.

At the same time, lyocell is known as the "versatile fiber". It has good blending properties not only with cotton, but also with polyester, wool, viscose, and hemp fibers. For some existing fabrics, adding a certain proportion of lyocell fiber can achieve a specific style. There is big room for growth in these blending fields in the future.

In addition to tradition textile field, there is outstanding performance in nonwovens as well. For example, flushable fiber is currently in short supply, and part of the raw material is ultra-short lyocell fiber.

3. Strengthen industrial chain interaction

Currently, lyocell fiber enterprises have led the entire industry chain in development, and some downstream leading enterprises are actively participating. However, the overall participation rate still needs to be improved. For example, in the printing and dyeing enterprises, some experts pointed out that although there are some excellent lyocell dyeing and printing capabilities concentrated in Xiaoshan and Shaoxing, less than 20% of the dyeing and printing mills have such capabilities. According to the experts, although lyocell's dyeing and printing have certain technical content, the technical threshold is not insurmountable.

If more dyeing and printing plants join the lyocell dyeing and printing industry in the future, they can provide richer lyocell fabrics and further reduce the cost of lyocell fabrics, thereby promoting the application of lyocell.

From the actual performance, there has been a significant increase in upstream and downstream interaction in 2023, and Chinese textile industry is experiencing a significant increase in understanding and recognition of lyocell. According to experts, in the context of rumors of cotton yarn inventory exceeding 1 million tons in the Guangdong market, with a national inventory peak exceeding 2 million tons, some cotton textile enterprises have already turned to use lyocell under high inventory pressure.

4. Strengthen product R&D

During the conference, the attendees discussed the innovation of the companies, with fiber companies showcasing new products such as ultra-short fibers and flame-retardant fibers. For example, lyocell flame-retardant fibers have overcome the issues with synthetic fibers melting and kept the soft and skin-friendly features of cellulose fibers. They have broad prospects in military, home textiles, and specific applications for clothing.

Downstream companies also stated that there have been significant breakthroughs in high count and multi-component blends with yarn containing lyocell fiber. As product variety expands, companies have overcome the issue of lyocell fibers being suitable only for certain seasons, making it suitable all-year-round.

In addition to discussing their own product R&D efforts, the attending companies also expressed their intentions to invest more in R&D across the entire industry chain, making it faster, simpler, and more economical to use lyocell fibers or related products.

5. Strengthen product promotion and industry activities

Experts at the meeting analyzed the development of lyocell fibers this year and generally acknowledged that the textile industry's awareness of lyocell fibers has significantly improved in recent years. Confusion between brands and product names has significantly decreased.

The leading companies have also coordinated to optimize their promotional frequency. They will better promote lyocell's advanced sustainability features in specific places and at specific times for specific target groups.

6. Current and future economic situations

As the global economic situation is complicated, experts at the conference analyzed the domestic and international situations. They generally believe that economic uncertainty is higher than in the past few years. They anticipate domestic demand growth to be basically certain in 2023 and likely to continue in 2024. There are some differences in opinions about the foreign market, but overall, considering the easing of US-China relations and declining inventory outside China, there is a greater possibility of maintaining positive export growth in 2024. Some companies have also proposed a doubling of their export plans with clear strategies.

7. Limited room for cost reduction

The attending companies also analyzed the industry chain situation. As domestic production increases, the cost of lyocell fibers has decreased somewhat in recent years. However, there is little room for lyocell's costs to decrease further in the future. Among the main raw materials, lyocell dissolving pulp has already dropped to the level of VSF-grade dissolving pulp, and there is no more room for further price reduction. The prices of NMMO and hydroxylamine have dropped significantly due to their localization, but their costs will not significantly decrease further in 2024 considering the upstream benefits.

8. Pursue orderly market development and establish an effective supply and demand balance mechanism

Although the long-term development of lyocell fibers is optimistic, due to the current economic environment's uncertainties, there may be periodic market fluctuations. The attending companies generally recognize that the balanced supply and demand of the upstream and downstream are prerequisites for the industry's healthy development. Facing seasonal downturns, some large factories have already arranged for maintenance, with CTA already planning for 40kt/yr of capacity for maintenance. Sateri also shared its company development plan, which does not have any new capacity for the next one and a half years and has plans to adjust operating rate based on market conditions before the Spring Festival.

Additionally, some participating companies have proposed other suggestions such as respecting market rules, increasing tolerance for price fluctuations, so that downstream companies can better control costs and pursue profits based on market conditions. Reasonable information disclosure can also allow downstream companies to have a better understanding of the market.

The participating companies highly recognized this exchange form and believe that when the industry is unsure, in-depth communication between upstream and downstream can better clarify development ideas to promote the coordination of lyocell's industry chain and realize more sustainable development.

The roundtable was hosted by Mr. Wang Guogang, chief editor of ChinaYarn.com and Ms. Wu Yongping, deputy editor-in-chief. Mr. Ding Jinqi, chief analyst of cellulose from CCFGroup, shared insights on industry development cycles, 2023 market operating data, and the future five-year development prospects for lyocell fibers. Ms. Zhu Beina, the chair of the China Cotton Textile Industry Association's supervisory committee, provided a summary based on the overall industry situation. It is believed that lyocell fiber, as a new textile material, can bring new growth points to the industry in the face of a slowdown in the overall textile industry's growth.

Source: ccfgroup.com– Nov 28, 2023

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China: ZCE cotton falls back to half a year ago, how will it fare?

Since Nov, ZCE cotton futures market has been fluctuating around 15,000-16,000yuan/mt. There is hedging pressure, but also support from the procurement costs of new cotton. Recently, the downward pressure on ZCE cotton has increased, and as of Nov2h, it closed at 15,055 yuan/mt, briefly falling below 15,000yuan/mt during trading. In the future, the direction of ZCE cotton is uncertain. It could either continue to break through support levels and decline further or make a comeback.

Currently, Xinjiang seed cotton sales have reached its final stage, and the picking of seed cotton in some regions has already ended, while the remaining areas are in a semi-stoppage state. One of the main reasons for this is the decline in seed cotton quality due to the end of procurement, and the uncertain future market trend of ZCE cotton has made ginners hesitant to purchase seed cotton. As the picking enters the later stage, the processing costs for ginners gradually become clear.

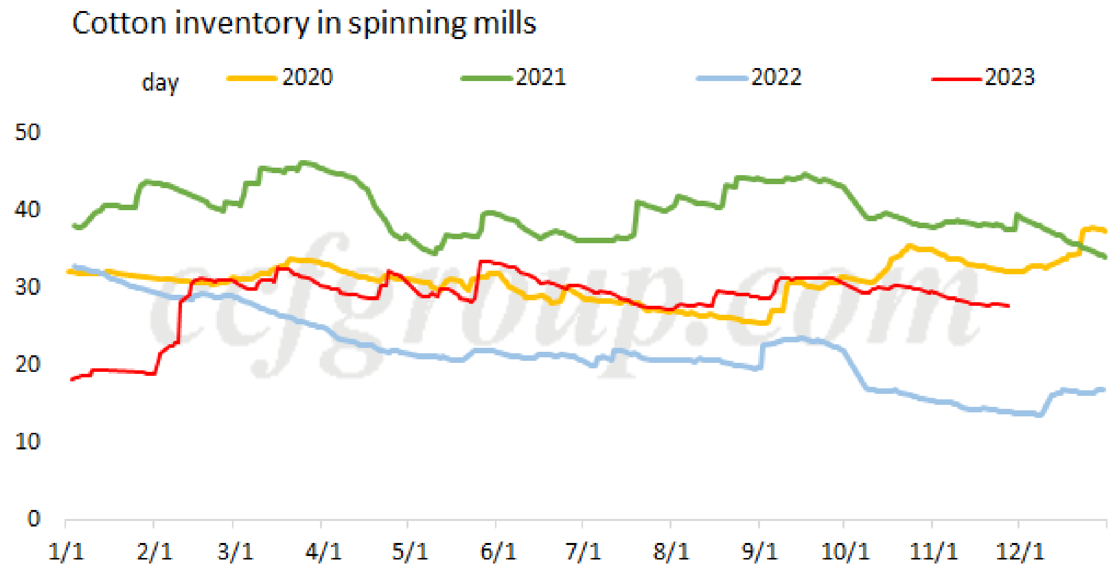
In North Xinjiang, the theoretical procurement cost is between 16,700-17,000yuan/mt, while in South Xinjiang, it is slightly lower, around 16,000-16,400yuan/mt. Some ginners that purchased large quantities early on are expected to have a cost higher than this price level.

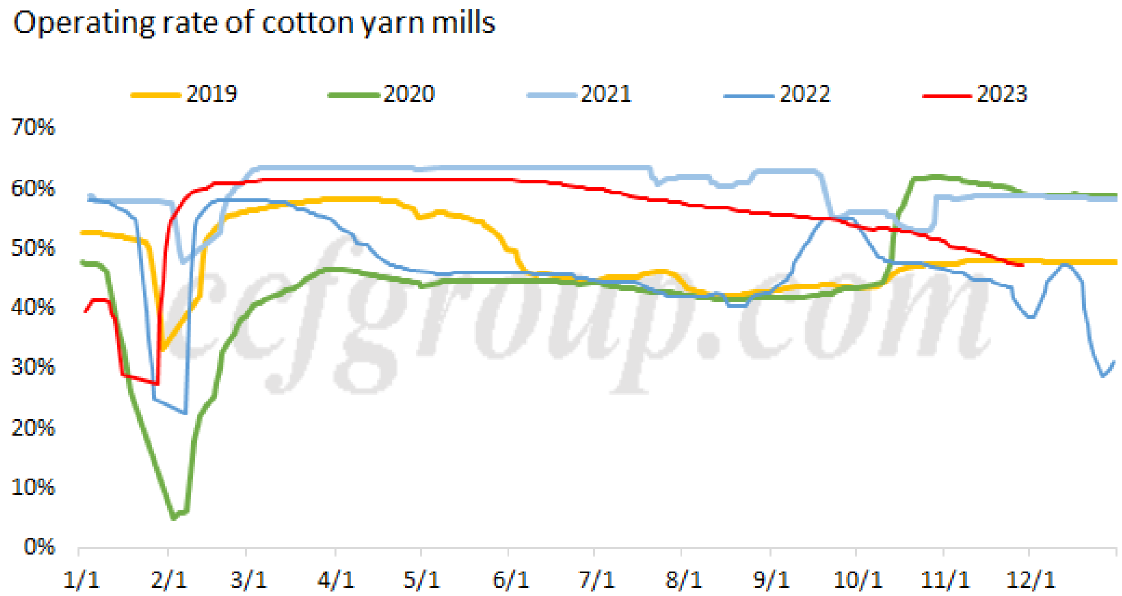
The purchase price of seed cotton has also continued to decline recently, with the price in many areas of North Xinjiang being around 6.9-7.1yuan/kg. Under the current situation of declining cotton prices and seed cotton prices, the ginning cost of cotton for ginners in Xinjiang is gradually decreasing and solidifying, making it increasingly difficult for ginners.

As the cost of new cotton becomes solidified, the focus of market operation logic gradually shifts to downstream spinning mills. However, the situation for spinners is not optimistic. Most of them lack orders support, and demand for cotton in the short term is not high.

The cotton inventory in spinning mills has been maintained at around 30 days. Although some mills have increased their purchases of spot cotton after the state cotton auction ended, the transaction volume has not increased significantly.

The difference between large and small mills in purchasing cotton is significant. Large and medium-sized mills have timely replenished their cotton inventory through means such as state cotton auction, spot cotton, purchasing imported cotton under sliding-scale duty quotas or 1% tariff quotas. In contrast, the proportion of small mills shutting down since early Nov has been gradually increasing. In the absence of orders, small mills do not have the capability to replenish their cotton inventory. According to our investigation, the operating rate of cotton yarn mills is gradually declining and has reached a low level compared with the same period in recent years.





In conclusion, the short-term market trend is weak, and downstream orders for the rest of the year are unlikely to improve significantly. Additionally, there is not much impact during the November 11th sales event, and the next timing is expected to be around the Chinese New Year.

During this period, the market may continue to fluctuate weakly. If downstream orders do not improve significantly, cotton yarn prices keep down, operating rate drops further and cotton yarn inventory is still accumulating, cotton prices may face new downside pressures. In the future, pay attention to whether there will be any improvement in downstream market.

Source: ccfgroup.com– Nov 29, 2023

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USA: New Deltapine Successes Adding Value for Cotton Growers

It was another interesting year for cotton production in the U.S. And although recent history has shown us that "typical" cotton seasons seem to be few and far between, 2023 will be remembered for solid production, more hot weather, and in-field success of some new varieties and technologies.

Eric Best, Deltapine Cotton Product Manager, recognizes the challenges that cotton growers and the industry faced this year, but he's also excited about some new products from Deltapine that proved their worth and potential long-term value this season.

"DP 2333 B3XF came out in the Class of '23," says Best. "Supply was very limited this year. We wanted to make sure we had enough quality seed to meet demand. From the B3XF pipeline, it's a very, very strong variety with the potential to raise the yield bar for growers. It's one to watch during this next year.

"The other B3XF variety I'm excited about — despite the year and the drought and the heat that West Texas had — is DP 2335 B3XF, another mid-maturity variety with resistance to bacterial blight and moderate tolerance to Verticillium wilt that's going to be a new addition to the Dry Tough program," he adds.

"Some growers in West Texas are still successfully planting some four- or five-year-old germplasm on those tough acres, so we're looking forward to getting a new product to compliment the current DryTough lineup that looks to be a very strong performer in a tough growing region."

Best, of course, is encouraging growers to take a good long look at the new ThryvOn Technology, which received full product registration and plenty of market buzz this year.

Deltapine rolled out DP 2131 B3TXF and DP 2211 B3TXF in their Classes of '21 and '22 and added DP 2317 B3TXF and DP 2328 B3TXF in the Class of '23. All feature Bollgard 3 and ThryvOn stacked with the XtendFlex technology, with bacterial blight tolerance also in DP 2317 B3TXF.

"We're seeing those ThryvOn varieties bring a lot of things to the table," he says. "Growers are telling us that this technology could be a game changer. The ThryvOn cotton varieties seemed to start stronger with fewer thrips feeding on them, fruit set and retention were maintained later in the season, and we've seen the potential for less damage from tarnished plant bugs. After harvest, we hope growers will come back and tell us that it all led to improved yields."

It's too early to determine which varieties will make up the Deltapine Class of '24. But growers in the company's New Product Evaluator (NPE) program this year have been evaluating several potential ThryvOn and B3XF varieties for possible market introduction.

"The ultimate litmus test from a grower's perspective is, of course, yield. Based on what I'm seeing in the fields, I like our odds," notes Best. "Most growers have these NPE varieties up against the top commercial products, whether they're from Deltapine or a licensee or a competitor. They're being compared to the best of the best, and that bar is set pretty high."

Best is pretty optimistic about seed production for the coming year. At this point, the ultimate question from a supplier perspective is fairly simple – how many cotton acres will be projected for next year?

"Are we going to land on 9.5 to 10 million acres again, or are we going to see things rebound," asks Best. "In either situation, whether we're a 10-million-acre market or back in the 13-million-acre range, we should have ample supply of the varieties growers want."

Source: cottongrower.com– Nov 29, 2023

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UK retailers foresee disappointing festive period: CBI survey

UK retail sales volumes fell by 16 per cent year on year (YoY) in November for the seventh consecutive month, according to the latest quarterly distributive trades survey by the Confederation of British Industry (CBI). The decline rate was 10 per cent in October.

Despite a slight uptick in sentiment, firms expect sales to decline again in December. Retailers also reported a reduction in headcount in the year to November, while investment is set to decline in the year ahead. Price pressures in the sector are expected to remain acute.

Retail sales volumes fell by 11 per cent in the year to November compared to a fall of 36 per cent in the year to October.

Sentiment amongst retailers recovered somewhat in November, with firms expecting their business situation to improve slightly over the next three months.

Retailers expect to reduce investment in the next 12 months compared to the past 12, but to a lesser extent than in August.

Retailers reported a milder reduction in headcount in the year to November compared to the previous quarter. Employment in the retail sector is expected to be broadly unchanged in December, CBI said ina release.

Retail selling prices continued to rise at a rapid pace of 73 per cent in the year to November, and are expected to maintain a similar rate of growth in December.

Retailers cut back on orders placed upon suppliers in the year to November, but to a lesser degree than in the previous month. Orders are expected to decline at a marginally faster pace of 26 per cent next month.

UK retailers reported that stock positions were still ‘too high’ despite softening in November, while stock volumes look set to remain similarly elevated relative to expected sales next month.

Internet sales volumes continued to fall rapidly (minus 39 per cent) in the year to November, though the contraction has moderated compared with last month's record rate of decline (minus 78 per cent). Online sales are expected to fall at a broadly similar pace of 42 per cent again next month.

Source: fibre2fashion.com– Nov 30, 2023

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Global fashion markets forecast to remain unsettled in 2024

The global economic outlook in major fashion markets is predicted to remain unsettled in 2024, affecting consumer confidence and spending, according to a recent comprehensive report titled 'The State of Fashion 2024', co-published by The Business of Fashion (BoF) and McKinsey & Company.

The report identifies 10 key themes that are expected to shape the fashion landscape in 2024, influenced by a blend of geopolitical, economic, and climate factors.

Notably, there's a minus 16 per cent net intent to spend on apparel across the US, Europe, and China in the fourth quarter of 2023.

The escalating climate crisis highlight the urgency for fashion brands to fortify their value chains against climate risks and intensify efforts to cut emissions. By 2030, climate events like flooding and extreme heat could jeopardize $65 billion in apparel exports, as per the report.

Furthermore, the year 2024 is set to witness the highest travel volume since the pandemic, reaching up to 110 per cent of 2019 levels. This presents a unique opportunity for brands to rethink distribution strategies to captivate travelling consumers.

A shift in influencer trends sees a rising preference for relatable and authentic personalities. Over 40 per cent of consumers favour influencers who exhibit these qualities.

The surge in technical outdoor wear's popularity is expected to continue, with outdoor brands potentially launching lifestyle collections and fashion brands expanding into outdoor wear. Resale platforms experienced an 800 per cent average growth in trade activity for brands like Salomon, Arc'teryx, and The North Face in 2023.

AI technology remains a focal point, with 73 per cent of fashion executives considering it a priority in 2024. However, only 5 per cent feel prepared to fully utilize its capabilities.

Intensifying competition among fast-fashion brands necessitates adaptability to customer preferences and new regulations. 40 per cent of US consumers have shopped at third-generation fast fashion retailers in the past year.

Brand marketing is set for a resurgence as businesses cannot rely solely on performance marketing. A significant 71 per cent of fashion executives plan to increase brand marketing investments in 2024.

Upcoming sustainability regulations are expected to reshape business models, with 87 per cent of fashion executives anticipating an impact on their operations.

To align supply with anticipated demand, 73 per cent of chief procurement officers highlight the importance of strengthening strategic manufacturer partnerships to mitigate supply chain volatility.

"From the intensifying climate crisis to the transformative potential of AI, The State of Fashion 2024 dissects key challenges and opportunities for the global fashion industry next year. But fashion leaders cannot rest on their laurels. While they must approach 2024 with caution, it is critical to continue seeking targeted opportunities for growth and innovation," said Imran Amed, founder and CEO of The Business of Fashion.

"The fashion industry once again demonstrated remarkable resilience in 2022. The luxury segment in particular propelled growth through price increases, partially offsetting the weaknesses of other segments. While there are many challenges ahead for the global fashion industry in the coming year, mainly driven by volatility and uncertainty due to macroeconomic developments, we expect limited global growth of about 2-4 per cent in 2024. Luxury's global retail sales growth is forecast to slow to between 3 and 5 per cent in 2024, due to consumers restrain spending after a post-pandemic shopping surge," said Achim Berg, senior partner at McKinsey.

Source: fibre2fashion.com– Nov 29, 2023

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Riyadh keen to boost economic ties with Colombo, prioritise garments

Saudi Arabian minister of economy and planning Faisal F. Al Ibrahim, during his recent meeting with President Ranil Wickremesinghe in Colombo, expressed his government's interest in strengthening economic ties with Sri Lanka across various sectors, including garments.

The Gulf nation is focused on expanding economic relations within the South Asian region and attached significant importance to Sri Lanka, he was quoted as saying in an official release by the Sri Lankan government.

Wickremesinghe said the tourism and agriculture sectors are areas open to more investment, as the country is committed to modernising these domains.

Source: fibre2fashion.com– Nov 29, 2023

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Textile makers want Bangladesh help to modernize industry

Mills under the primary sector have been instrumental in achieving export earnings by supplying yarns and fabrics to the country's apparel sector

Local textile entrepreneurs are seeking a refinancing facility from the central bank to modernize the industry.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), recently urged the commerce ministry to address this issue, sources said.

He pointed out that while denim, manmade fibre (MMF), home textiles, décor, terry towels and recycled products are prioritized in the Export Policy-2021-24, essential sectors such as spinning, fabric manufacturing, dyeing, printing and finishing within the textile industry are not included.

He further said that mills under the primary sector have been instrumental in achieving export earnings by supplying yarns and fabrics to the country's apparel sector.

Besides, the sector has been catering to the demand for local clothing.

The BTMA said that the textile industry, including ready-made garments, has been facing new challenges regularly due to globalization. In response, textile owners are aligning their mills with modern and new technologies to remain competitive in the globalised era.

In 2021, the Bangladesh Bank (BB) introduced a refinancing scheme amounting to Tk1,000 crore for the modernization and technological development of export-oriented sectors.

The tenure of the loans under the refinancing scheme ranges from three to ten years at a 5% to 6% interest rate with a one-year grace period, according to a source.

The BTMA has requested that the textile sector be included in the new export policy 2023-26, which is currently being prepared by the commerce ministry.

Industry insiders estimate that the primary textile sector (PTS) currently meets 85% to 90% of yarn demand for knit RMG and 35% to 40% of yarn demand for woven RMG.

Around $16 billion has been invested in the primary textile sector, which contributes around 13% to the country's GDP. Over 84% of export earnings come from textiles and textile-related products, according to BTMA data.

The association has 1,780 member mills, including 519 yarn manufacturers, 938 fabric makers and 323 dyeing-printing-finishing mills.

The sector earned $21.9 billion, $18 billion, $20.9 billion, $28.8 billion and $31.03 billion in the fiscal years FY19, FY20, FY21, FY22, and FY23, respectively.

Source: dhakatribune.com– Nov 29, 2023

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NATIONAL NEWS

Ministry of Textiles to host 81st Plenary Meeting of the International Cotton Advisory Committee from 2nd December till 5th December in Mumbai

The Government of India, Ministry of Textiles is hosting the 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) in Jio World Convention Centre, Mumbai during 2nd - 5th December, 2023 through the Office of Textile Commissioner in association with the Cotton Corporation of India Limited (CCI), the Confederation of Indian Textile Industry (CITI) and the Cotton Association of India (CAI). It is a matter of honour and pride for India to host this event after nearly 8 years.

Shri Piyush Goyal, Union Minister of Textiles, Commerce & Industry and Consumer Affairs, Food & Public Distribution, Government of India would be inaugurating this Plenary on December 2, 2023 at 02:00 p.m. in Jio World Convention Centre, Mumbai.

It is expected that over 400 delegates from 35 countries across continents consisting of Government representatives from various cotton growing and consuming countries/ regions, reputed industrialists, important business delegates, eminent scientists and researchers etc would be participating in the 4 day long conference. This will be the first in-person Plenary Meeting since 2019 due to Covid-19 pandemic.

The previous event was hosted by India in 2015 with the theme "From Farm to Fabric: The Many Faces of Cotton" focusing on value addition. Moving forward it is to take the agenda from economics to ecology. This is also the 5th time that the ICAC Plenary Meeting is being held in India in the last 6 decades.

As all may be aware, ICAC is an inter-governmental body covering cotton that is recognized by the United Nations. ICAC was formed in 1939 and has 28 Member countries at present. India along with Brazil, Egypt, France, Sudan and USA is one of the founder members of this forum. In addition, other countries which are not ICAC members are also participating in the Conference.

The 80th Plenary Meeting was held through virtual platform between November & December, 2022 with the theme “Driving Sustainability through Innovation and Leadership”. The Plenary Meeting of ICAC is held every year in the member countries of ICAC at their invitation.

The Plenary Meetings of the ICAC provides a forum for discussions on international issues of importance to the World Cotton industry, and provides an opportunity for the industry and the government leaders from cotton producing, consuming and trading countries to deliberate on matters of mutual concern. The ICAC Plenary is also very important for promotion of Trade, Industry and Culture.

The theme of this Plenary Meeting is “Cotton Value Chain: Local Innovations for Global prosperity”. The 81st Plenary aims to serve as a platform for sharing innovations, benchmarks, good practices and experiences across the globe on productivity, climate resilience and circularity for a vibrant cotton economy.

Focus is on local innovations and cutting edge technologies for sustainability developed locally but have global implications and potential for the prosperity of the cotton value chain touching the livelihoods of millions engaged in production, processing, trade, fashion and textile industry.

This Plenary Meeting encompasses a broad range of topics around cotton, including Technologies to increase productivity, Climate-smart Innovations as Game Changers for Cotton Production, Recent Impactful technological advances, Industry 4.0 for textiles: smart manufacturing in textiles, Global efforts in branding sustainability and Quality assurance, Genetics, Diversity to enhance cotton productivity, Cotton and Climate Resilience, Technological innovations for global collaborations and other sessions to glean opportunities from challenges as well as focusing of possible Collaborations for the growth in cotton textile value chain.

Hon’ble Prime Minister during his presidency of G20 exhorted nations to collaborate the knowledge and technology sources for this planet earth. The collective effort would be to bring best practices and resources together for sustainability of enterprises while contributing positively to One People and One planet.

The event will give India an unique opportunity to showcase the strength, growth and resilience of the cotton based textile industry in India; share case studies, success stories and inventive steps of small and marginal farmers; highlight local initiatives for enhancing productivity, sustainability through Carbon sequestration: recent breakthroughs; pest management strategies, advancements in water management for Cotton and Textile Value chain; quality assurance and traceability; harmonizing the certification regimes, cotton by-products, herald the launch of the Indian brand of Kasturi cotton to the World, importance of price discovery mechanisms, Arbitrations for Cotton trade ; fostering Entrepreneurship in support services , impact of digital revolution and contribution to process as well as product on farm for higher value creation.

Prioritizing the need for transparency required in the global cotton value chain, India is leading from the front emphasizing the local innovations, diversity and values of sustainability, integrity and inclusiveness across cotton value chain. The launch of 'Kasturi Cotton Bharat' brand marks the country's foray in providing complete end-to-end traceability and transparency solutions using Blockchain technology across the cotton textile value chain to deliver softer, stronger and purer cotton. Advancing good agricultural practices will provide fair economic benefits for farmers, encouraging circularity in the local economy and building the foundation of sustainable living for future generations. With the Hon'ble Prime Minister's '5F' Formula guiding the way, India's textile sector is poised for sustained growth, and 'Kasturi Cotton' stands as a shining example of the nation's dedication to Quality and Assurance.

The meeting will include daylong sessions on different aspects of cotton economy followed by evening receptions and dinners hosted by Industry and Trade. Leadership has strengthened convergence between Ministry of Textile, Ministry of Agriculture and participating State Governments and Ministry of Commerce and Ministry of External Affairs has lent due facilitative support to this forum looking forward to confluence of best ideas and practices.

After the high-level-four-day Plenary Meeting, a Technical Tour is arranged for interested delegates from 6th to 8th December, 2023 in and around the textile city of Ahmedabad. The tour would aim to provide an insight into the textile industry in the country, highlighting the journey from farm to fashion, with a special focus on cotton.

India is also gearing up to host the world's largest textile exposition, Bharat Tex 2024, scheduled to take place from 26th to 29th February, 2024, in the International Exhibition cum Convention Centre (IECC) at Pragati Maidan, New Delhi.

The international participants would also be engaged with an exposure to the spectrum of Textile products Bharat Tex is poised to showcase to the world with more than 10,000 exhibitors across handlooms, made-ups as well as technical textiles.

Source: pib.gov.in– Nov 29, 2023

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India ahead of rest of Asia: India's merchandise exports up 6.2% YoY in Oct 2023, likely to enable narrower CAD in FY24

India's merchandise exports were up 6.2 per cent YoY in October 2023 and 2.4 per cent on YoY basis in Aug-Oct'23 period, recovering slightly ahead of the rest of Asia's exports, said a report by ICICI Securities. South Korea's exports grew by 5.1 per cent on-year in October 2023 after 13 consecutive months of contraction, while Taiwan's exports declined only 2.8 per cent YoY in Aug-Oct'23, although they were down 12.8 per cent YoY in Jan-Oct'23. China, however, was a slight exception with its goods exports declining 8.2 per cent YoY in Aug-Oct'23, worse than its Jan-Oct'23 contraction of 5.2 per cent YoY, similar to India's 4.9 per cent YoY decline for Jan-Oct'23.

Prasenjit Basu and Laavanya Sisaudia, analysts and economists at ICICI Securities, said, "Given the broad based cyclical rebound in engineering goods, textile and pharmaceutical exports, we expect India's merchandise exports to accelerate further through the rest of FY24 and into FY25."

Even as US import demand in Jan-Sep'23 weakened, it is now rebounding from its troughs even with the broad US economy weakening now, and this recovery in US and OECD demand will benefit Asia's exports (including India's).

CAD to shrink to 0.4 per cent of GDP in FY24E

With services exports continuing to strongly outpace services imports, India's services trade surplus expanded 21.7 per cent YoY in Apr-Oct'23. Further, since the merchandise deficit also declined by 12 per cent YoY, the current account deficit (CAD) is likely to have narrowed to about 0.7 per cent of GDP for the period, said ICICI Securities.

"The final quarter of the fiscal year is usually the strongest for the current account balance, so we expect the CAD to shrink to 0.4 per cent of GDP for FY24 – assuming that Brent crude oil averages $90/bbl in the Dec'23-Mar'24 period. Should Brent settle near its current levels (USD 80.5/bbl), a current account surplus will be the likely outcome in FY24," the analysis report stated.

Exports, imports likely to strengthen in FY25

With Asia's economies strengthening and the US Fed beginning to ease monetary policy by mid-CY24, the merchandise export recovery is likely to gather pace, said ICICI Securities. Nonetheless, it added, a cyclical recovery in the global economy (other than China) will still result in mildly higher commodity prices. Given the likely strengthening of Indian import demand next year, the CAD is likely to remain slightly below 1 per cent of GDP in FY25 despite the expected rebound in exports.

Merchandise exports grow 2.4 per cent YoY in Aug-Oct'23, imports decline 1.8 per cent YoY and the trade deficit continues to shrink

India's merchandise exports increased by 6.2 per cent YoY in Oct'23, only the second month of YoY growth in FY24 and the third in CY23. Merchandise exports grew 2.44 per cent YoY in the latest three months (Aug-Oct'23), but were still down 7 per cent YoY in Apr-Oct'23 (the first seven months of FY24) and down 4.9 per cent YoY in Jan-Oct'23.

This, ICICI Securities sais, is marginally better than China's merchandise exports, which declined 5.2 per cent YoY in Jan-Oct'23 (despite benefitting from a very low base due to the Mar-Apr'22 covid surge and lockdowns) and -7.7 per cent YoY for Apr-Oct'23, but were still down 8.2 per cent YoY for Aug-Oct'23.

Taiwan's exports declined 12.8 per cent YoY in Jan-Oct'23 (but were down only 2.8 per cent YoY in Aug-Oct'23), while South Korea's exports declined 11.5 per cent YoY in Jan-Sep'23, but rebounded to grow 5.1 per cent YoY in Oct'23. Indonesia's exports declined 10.7 per cent YoY in Jan-Oct'23 and declined a less severe 10.4 per cent YoY in Oct'23.

India's imports rebounded strongly in Oct'23, growing 12.3 per cent YoY, primarily because of a near-doubling (+95.4 per cent YoY growth) in gold imports that month.

India's imports had contracted YoY in each of the previous eight months, so merchandise imports still declined 9 per cent YoY in Apr-Oct'23 (more than than the 7 per cent YoY decline in exports during the period), and the merchandise trade deficit declined by $20bn YoY in Apr-Oct'23.

Services exports grow at a modest pace

Based on the RBI data, India's services exports grew 9.1 per cent YoY in Jul-Sep'23 (Q2FY24), while services imports declined 3.5 per cent YoY – compared with 6.2 per cent YoY and -1.2 per cent YoY respectively in Q1FY24. Including the Oct'23 estimates, the services trade surplus in Apr-Oct'23 widened by 21.7 per cent YoY, thus continuing to contribute to a YoY reduction of the current account deficit (CAD).

Engineering goods exports set for cyclical acceleration, while electronics sustain their strength

According to the ICICI Securities report, a clear cyclical rebound has begun in the key manufactured-export category of engineering goods. Oct'23 marked the third consecutive month of YoY growth in engineering-goods exports. Electronics exports have grown strongly for five of the past six years, and grew 28.2 per cent YoY in Oct'23 (slightly more than their 27.7 per cent YoY growth in Apr-Oct'23). Chemical exports declined marginally YoY, but are set to rebound as well.

Cotton textile exports accelerate sharply, synthetics resume growing

Cotton textiles began rebounding in Jul'23, and have accelerated notably in Aug-Sep'23 (+26.7 per cent YoY) and Oct'23 (+36.5 per cent YoY). Synthetic textiles also resumed growing in Oct'23 (+10.2 per cent YoY), but garment exports were still contracting.

Pharma exports strengthen; refinery, jewellery past their cyclical trough
The pharmaceutical sector has seen steady export growth over the past eight years, and accelerated to 29.3 per cent YoY growth in Oct'23 – taking their growth for Apr-Oct'23 to 8.1 per cent YoY. Petroleum product exports, however, still declined 4.65 per cent YoY in Oct'23 (and -16.2 per cent% YoY in Apr-Oct'23), while jewellery exports declined 9.8 per cent YoY in Oct'23, and 22.3 per cent YoY in Apr-Oct'23. Yet both are well past their cyclical trough and close to resuming at least modest growth, the ICICI Securities analysis stated.

Source: financialexpress.com– Nov 29, 2023

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Indian economy expected to sustain strong growth amid global gloom

Indian economy is likely to continue its strong growth in the quarter to the end of September, helped by a solid urban consumption and government spending, outpacing a slowing global economy squeezed by elevated interest rates and higher energy prices.

Asia's third-largest economy is expected to grow at 6.8 per cent in the July-September quarter compared with a year earlier, according to a Reuters poll. India will release the quarterly gross domestic product figures at 1200 GMT on Thursday.

India is seen as the bright spot globally as some Western countries are flirting with the possibility of recession, while China, the world's second-largest economy, has slowed down.

The poll's consensus forecast is higher than Reserve Bank of India's projection of 6.5 per cent for the quarter, but lower than the 7.8 per cent growth India's economy saw in the previous quarter, helped by the comparison with a low base the previous year.

"Domestic demand remains the key economic driver of activity, as external demand continues to remain weak," Barclays economist Rahul Bajoria said, adding that services and construction sectors have shown robust growth.

Private consumption accounts for nearly 60 per cent of the Indian economy.

During the quarter, urban consumption indicators such as passenger vehicle sales rose over 38 per cent and domestic passenger aviation traffic growth exceeded 20 per cent through the three months.

Record online sales of e-commerce players such as Amazon and Walmart owned Flipkart during the country's festival season was another evidence of strong consumption in urban centres.

On Wednesday, India's Economic Affairs Secretary Ajay Seth told reporters Indian economy showed good momentum and he expected "good numbers" for the September quarter. The Indian government spent

49 per cent of its capital expenditure budget of 10 trillion rupees ($120.01 billion) between April and September, compared with over 45 per cent of 7.5 trillion rupees in the same period last year.

"We had expected government capex spending and the real estate sector to drive growth and, indeed, both factors have crucially underpinned a construction cycle which has been a key ingredient of growth this year," JP Morgan's Sajjid Z Chinoy said in a note.

Rural demand, especially across the farm sector hit by weather vagaries that delayed sowing activity, remained a key concern, economists said. They noted how two-wheeler sales, a good indicator of rural buying power, rose 13 per cent during the July-September quarter, far less than passenger vehicle sales.

"Some anticipated spending in rural areas that happens due to harvesting may be delayed this time because of uneven monsoons impacting consumption," said Sunil Kumar Sinha, an economist at India Ratings.

Source: thehindubusinessline.com– Nov 30, 2023

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India's GDP growth expected to slow to 6.3% in FY24: OECD economic outlook

The Organisation for Economic Cooperation and Development (OECD) on Wednesday retained its growth projection for India at 6.3 per cent for FY24 holding that surging services exports and public investment will continue to drive the economy. The organisation, however, said the economy will slow down to 6.1 per cent in FY25 due to adverse weather-related events and the weakening international outlook.

“Inflation will decline progressively, with corresponding improvements of purchasing power. This, along with the end of the El Niño weather pattern, productivity gains from recent policy reforms, and improved global conditions, will help economic activity to strengthen, with projected real GDP growth of 6.5 per cent in FY 2025-26,” OECD said in its latest Economic Outlook.

The report further said that due to slower growth, inflation expectations, housing prices and wages will all eventually moderate. This will help headline inflation converge towards 4.2 per cent, which will allow the Reserve Bank of India to start lowering interest rates from mid-2024 to 5.5 per cent by the end of 2025.

“While indicators suggest that India’s growth is stable for now, there are strong headwinds from heightened global uncertainty. In addition, the lagged impact of domestic policy tightening will continue to be felt, coupled with the disappointing dynamics of some socio-economic indicators, such as consumer goods’ sales, in rural areas,” the report said.

Source: business-standard.com– Nov 29, 2023

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Govt working to boost cotton yields, pilot project launched: Official

A pilot project involving 15,000 farmers across eight major cotton growing states has been launched to deploy agronomy practices for improving the cotton crop yields, a top official said on Wednesday.

The Indian Council of Agricultural Research is expected to conduct an evaluation of these practices in January, a Textiles Ministry official said.

"We are working very closely with Agriculture Ministry and other stakeholders on increasing the cotton productivity and a pilot project has also just been launched in which almost 15,000 farmers are involved across at least eight major cotton growing states," Textiles Secretary Rachna Shah said.

"... we are using best agronomy practices, the high density planting system which will help enhance productivity and other local innovations," the Secretary told reporters.

Source: business-standard.com– Nov 29, 2023

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Limits to supply chain diversification

The supply chain agreement signed earlier this month by all 14 Indo-Pacific Economic Framework (IPEF) member countries within 18 months of its launch is commendable.

Recent systemic shocks and geopolitical events have caused major disruptions in supply chain operations, with consequent impacts on the flow of goods and services, including essential commodities like food and medicines. Preventing disruptions and ensuring supply chain resilience is, therefore, an important objective for most developed and developing nations.

The agreement aims at establishing three new bodies: The IPEF Supply Chain Council, a supply chain crisis response network, and a labour advisory board. The Council will identify "critical sectors" and "key goods" and develop sector-specific action plans that will include, among others, diversification of input sources, joint research and trade facilitation. The network will essentially provide an emergency communications channel in a supply chain crisis situation in a member nation.

Prior detection of potential and latent stress points and vulnerabilities across the supply chain network will be undertaken to prevent any future disruptions. The advisory board, comprising government, worker and employer representatives, will work towards promotion of labour rights and issue advisories on best practices in this respect.

The constituent provisions, while ensuring a comprehensive coverage of preventive measures against supply chain disruptions, are non-binding, thus providing no guarantees towards achievement of the stated objectives. This is a key difference compared to standard free-trade agreements.

The provisions also allow for several flexibilities, especially in situations where a country deems it fit to apply measures or not provide information to protect its essential security interests. Considering that this has been the rationale for the imposition of most trade-restrictive and inward - looking industrial policy measures over the last few years, the agreement may fall short in ensuring a rules-based trade order in the region and hence the broader strategic objective of the IPEF.

There are other aspects of this primarily recommendatory agreement that may impede its implementation. As the IPEF agreements are executive agreements and do not require congressional approval in the US, there is the all-important question of its viability across administrations, especially given that the US Presidential elections are due in a year's time, and recent statements by former President Donald Trump are indicative of his intent to bring the agreement to naught if re-elected.

The emergency communications channel to ensure a coordinated response in case of supply chain crisis in any member economy is probably the most significant element of the agreement. Successful implementation would require precise and accurate demand projections of critical inputs, maintenance of sufficient levels of safety stocks, and diversification of sources alongside ensuring smooth logistics in and across member nations. However, these preconditions may not be easy to fulfil. Finding efficient substitutes of critical inputs among the set of friendly IPEF member economies may not always be possible, and formidable costs involved could be a major deterrent to creating resilient supply chains.

In a recent study, Freund et al *1 show how supply chain diversification is evolving at variance with policy rhetoric. Through an econometric analysis of highly disaggregated trade data, including for strategic industries (defined as Advanced Technology Products by the US government), from 2017 to 2022, they study the impact of higher US tariffs on imports from China and its impact on global supply chains.

Their findings show that even as China's share of US imports in the tariffed category of products falls, there is little evidence of reshoring of production back to the US. The difference in imports from China is more than made up by imports from other countries.

More interestingly, a majority share of this shift in sourcing imports is towards a single supplier, and this holds true, to a larger extent, for strategic products. So, single-source dependence persists.

Furthermore, the shift away from China as a source of imports is to countries that have the deepest supply chain linkages with China. This is especially true of the major beneficiaries in this shift — that is, countries that gain most in terms of export share to the US, such as Vietnam in electronics.

In strategic sectors, expansion of exports to the US, also leads to increased supply chain integration with China for these major beneficiary economies. So, while the US' dependence on direct imports from China has seen a decline, indirect imports may be as much or more than earlier. The reconfiguration of supply chains as a consequence of US import tariffs is thus not in line with the policy objective of reduced import dependence on China.

With regard to friend-shoring, the authors similarly observe that integration with Chinese supply chains emerges as among the strongest indicators to identify the "plus one" economy. In case of strategic sectors, in addition, supply chain integration with China increases as exports to the US increase. So, while direct decoupling from China may be happening, indirect value chain integration is observed to have been strengthened, especially in strategic sectors.

Dahlman and Lovely (2023) *2 make similar observations for the IPEF economies. Based on detailed bilateral trade data in the period 2010-2021, they show that trade for the IPEF countries, particularly those emerging as alternative production locations to China, is concentrated across a smaller set of import sources and export destinations. In addition, economic ties of the IPEF countries show increasing reliance on China, which is also the top source of import for all member economies, except Brunei. The increase in imports from China during this period is the highest for Vietnam, Malaysia, India, and Indonesia.

Emerging trends thus demonstrate that the scope for substitutability of imports across trade partners is limited, and the shift to alternative production locations typically leads to intensification of indirect supply chain integration with China. So, the IPEF supply chain agreement, which is essentially structured around voluntary coordination and consultative mechanisms, even though well-intentioned, is unlikely to go very far in ensuring significant supply chain diversification and hence resilience.

Source: business-standard.com– Nov 29, 2023

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India, Bangladesh agree to wrap up CEPA negotiations by 2026

India and Bangladesh recently agreed to wrap up negotiations on the proposed Comprehensive Economic Partnership Agreement (CEPA) by 2026.

The issue came up for discussion at the foreign-office consultation between the two countries held in New Delhi.

Both sides observed that CEPA could be used to raise Bangladesh's ability to offset shocks arising out of its graduation in 2026 from the least developed country status, according to reports in Bangladesh newspapers.

At the meeting, India suggested concentrating on construction of the cross-border power transmission lines.

The proposed CEPA goes beyond traditional free trade agreements, addressing trade in services, investment, intellectual-property rights and e-commerce.

It calls for withdrawal of duties, and is expected to boost Bangladesh's exports by 190.15 per cent and more if transaction costs are also reduced through improved connectivity, said a study by the Bangladesh Foreign Trade Institute and the Indian Centre for Regional Trade. India's exports to Bangladesh are expected to rise by 188 per cent.

The CEPA will raise Bangladesh's gross domestic product by 1.72 per cent and India's by 0.03 per cent, the study says.

Source: fibre2fashion.com– Nov 30, 2023

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