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INTERNATIONAL NEWS

USA: October Apparel and Textile Imports Up 3%: OTEXA

Apparel and textile imports to the U.S. increased by 2.8 percent or 8.0 billion square meters equivalent (SME) in October versus 7.8 billion SME a year earlier, according to the Office of Textiles and Apparel of the U.S. Department of Commerce (OTEXA).

Those numbers show a marked contrast from the first 10 months of 2023 compared with the same 2022 time frame, where shipments declined 15 percent or 78.8 billion SME for January–October this year, down from 92.7 billion SME for the same period last year.

China showed an increase of 8.5 percent year-on-year for October, versus 9.5 percent year-on-year for the same 2022 month, according to OTEXA, which reported 3.0 billion SME in October this year, versus 2.7 billion SME a year earlier.

Vietnam's shipments to the U.S. were down 16.5 percent or from 5.9 million SME in October last year to 4.9 million SME this year.

Turkey's shipments fell by 3.1 percent or to 5.1 million SME this year from 5.2 million SME in October of last year.

According to OTEXA, imports to the U.S. from Israel rose 604 percent in October over the same month in 2022, shipping 2 million SME in October this year versus 0.29 million SME a year ago.

Egypt's exports to the U.S. were up 45.6 percent when it shipped 2.9 million SME, compared to 2.0 million SME.

Malaysia's U.S. shipments rose 97.6 percent, or an increase to 4.9 million SME, according to OTEXA. That is in sharp contrast to calendar year 2021 versus calendar year 2022, when shipments increased by 349.6 percent, or to 4.1 million SME in 2022 over 9.2 million SME the year before.

Imports to the U.S. from Pakistan rose 14.5 percent. It shipped 2.8 million SME compared to 2.5 million SME.

Shipments to the U.S. from India decreased by 9.7 percent. The South Asian nation shipped 7.8 million SME versus 8.7 million SME a year earlier.

The Czech Republic was down by 33.3 percent this year over last. It shipped 7.8 million SME versus and 1.2 million SME.

Imports to the U.S. from Mexico were up by 32.8 percent, an increase from 2.4 million SME in October 2022 to 3.3 million SME in October of this year.

Source: sourcingjournal.com– Dec 07, 2023

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China's foreign trade value at 3.7 trn yuan in November 2023

China’s foreign trade value reached approximately 3.7 trillion yuan ($519.84 billion) in November 2023, as per the latest figures from the General Administration of Customs. The country’s total imports and exports grew by 1.2 percent in November compared to the same month last year.

The exports saw a year-on-year increase of 1.7 percent, reaching 2.1 trillion yuan. Imports also showed a marginal rise of 0.6 percent from the previous year, totalling 1.6 trillion yuan.

Cumulatively, from January to November, China's foreign trade remained stable, equating to last year's figures at 37.96 trillion yuan.

In the first eleven months of the year, the Association of Southeast Asian Nations (ASEAN) maintained its position as China's largest trading partner. Trade with ASEAN countries marginally increased by 0.1 percent year-on-year, amounting to 5.8 trillion yuan and representing 15.3 percent of China's total trade, according to Chinese media reports.

However, trade relations with some of China's other significant partners showed a downturn. Trade with the European Union (EU) fell by 2.2 percent compared to the previous year. More notably, trade with the US saw a 6.9 percent decline during the same period.

In contrast, China's trade with countries participating in the Belt and Road Initiative experienced positive growth, increasing by 2.6 percent year-on-year.

Source: fibre2fashion.com– Dec 07, 2023

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Uyghur Forced Labor Goods 'Flooding' EU Market: Report

A "substantial volume" of apparel tainted by Uyghur forced labor from China is "flooding" into the European Union, a new study says, demonstrating what it characterizes as the "failure" of voluntary corporate social responsibility initiatives and non-binding due diligence measures.

A joint effort by Uyghur Rights Monitor, Sheffield Hallam University's Helena Kennedy Centre for International Justice and the Uyghur Center for Democracy and Human Rights, the report flagged dozens of brands across fast-fashion, mid-market and luxury categories, including Adidas, Bestseller, Burberry, H&M Group, Hugo Boss, Marks & Spencer, Levi Strauss & Co., Next, Nike, Prada, Ralph Lauren, Skechers and Zara owner Inditex, as being at risk of sourcing products made by persecuted Muslim minorities in state-imposed labor transfer programs.

Researchers employed publicly available information, including shipping data, corporate and media reports, state documents and maps to connect the fashion purveyors, either directly or by way of intermediaries, to four major Chinese textile and apparel manufacturers—namely, Anhui Huamao Group Co., Beijing Guanghua Textile Co., Xinjiang Zhongtai Group and Zhejiang Sunrise Garment Group—that have reported ties to the Xinjiang Uyghur Autonomous Region through sourcing, subsidiaries and manufacturing.

Anhui Huamao Group Co., for instance, advertises its relationship with Burberry and Prada, while Beijing Guanghua Textile Co.'s TopNew was still listed on H&M's supplier list as of its November update.

Shipping records, the report said, appear to confirm a relationship between Beijing Guanghua Textile Co. and Skechers in Vietnam, while air-freight bills of lading, which are usually not included in shipping records made publicly available, suggest that it supplies to Inditex.

Customs records also seem to indicate that Anhui Huamao Group Co. is a major supplier to suppliers such as Vietnam's Gain Lucky, India's Gemini Enterprises and Shahi Exports and Sri Lanka's Penguin Sportswear, which in turn provide goods to the likes of Adidas, Hugo Boss, Marks & Spencer, Inditex and Nike.

The report said that many of the brands named “celebrate their high ESG rankings and certification programs” as a “way of proving that they are responsible, even while engaging in labor transfers. It said that while private certifications and accreditations, like Better Cotton and the International Labour Organization and International Finance Corporations’s Better Work, are “routinely cited” as evidence of fair labor conditions, the standards can vary wildly, particularly as most of the qualifications predate modern forced labor regulations and “typically do not account for state-imposed forced labor.”

“Any brand in compliance with international due diligence obligations should have long since severed ties with any supplier that sources from the Uyghur region,” said Rushan Abbas, founder and executive director of Campaign for Uyghurs. “Any brand buying from these suppliers that claims its products are free from Uyghur forced labor should demonstrate how exactly they know that. It breaks my heart to think that my innocent sister, a retired medical doctor, may be forced to make clothing for those companies.”

Of the companies that responded to queries from Sourcing Journal, Adidas rejected the claims as inaccurate, adding that while Gain Lucky is an indirect material supplier, the cotton for the yarn processed there for the sportswear maker is cotton imported from Brazil and the United States. Inditex said that it isn’t currently engaged in any relationship with the companies mentioned in the report, nor does it plan on entering into dealings with them in the future. Hugo Boss, Levi’s, Marks & Spencer and Skechers likewise denied any links with the manufacturers mentioned. A spokesperson for H&M would only say that transparency about its supply chain is “very important…and [it has] come far in that work.”

Shahi Exports, India’s largest apparel manufacturer, said that it doesn’t source from Anhui Huamao Group Co. or its subsidiaries and that “no transactions with this high-risk vendor have occurred.” A representative said that despite its request for evidence from the researchers, none has been received.

In an email sent to researchers, a representative for Sunrise Group, formerly Zhejiang Sunrise Garment Group and Smart Shirts, called the report’s findings “false and defamatory,” resulting in potential harm that could “literally run into hundreds of millions of $s.” Both companies have invested in traceability and transparency, the person said, suggesting that "legal remedies" could be necessary if the report doesn't retract its statements.

A number of the companies have faced similar claims before. In 2021, the French antiterrorism prosecutor's office opened an investigation into Inditex and Skechers, along with SMCP and Uniqlo, following the filing of a complaint by a Uyghur woman and the human-rights groups Sherpa, the Collectif Ethique sur l'étiquette and the Uyghur Institute of Europe that they were profiting from "crimes against humanity" by using forced Uyghur labor. It later closed the case, citing a lack of jurisdiction.

More recently, the Canadian Ombudsperson for Responsible Enterprise, Ottawa's corporate ethics watchdog, launched probes into the Canadian arms of Hugo Boss, Levi's, Nike, Ralph Lauren and Zara, among others, into whether their supply chains use or benefit from Uyghur forced labor. Among the supporting documents used was a 2021 study from the Helena Kennedy Centre for International Justice, which also informed the most recent report, though all brands have denied any nexus to Xinjiang.

Late last month, Anti-Slavery International, the Clean Clothes Campaign, Fashion Revolution, IndustriALL Global Union, Human Rights Watch, the International Federation for Human Rights and other human rights groups wrote to the Council of the European Union urging it to "speed up negotiations" on a proposed European Union forced labor regulation, which appears to have stalled following a lack of agreement on a common position.

"It is now of utmost importance that, during the Spanish presidency…the Council agrees on a general approach," the letter said. The organizations also made several recommendations, including lowering the proof required to initiate an investigation, shifting the burden of proof in geographies and sectors where there is a high risk of state-imposed forced labor, providing a "one-stop shop" complaints mechanism and offering remediation for forced labor victims.

The report recommends that brands conduct forensic due diligence on any products made of cotton, rayon/viscose, or PVC, including synthetic leather, to identify exposure to companies operating in Xinjiang. And as supply chains become "increasingly opaque," it said, it is essential that due diligence procedures "strengthen and evolve."

But only legislation, it noted, can result in the "sea change" needed, as in the case of the United States, which has shown a "significant" reduction in goods from Xinjiang into the country since the Uyghur Forced Labor Prevention Act's implementation in June 2022. As of October, Customs and Border Protection has detained more than 1,000 apparel shipments, valued at $44 million, under the law. Of these, 577 shipments worth some $13 million were ultimately denied entry. Now, it said, it's time for an equally robust approach, not just from the European Union but everywhere in the globe.

"This research highlights the need for strong legislative responses across the globe, from Canada to South Korea," said Chloe Cranston, head of thematic advocacy programs at Anti-Slavery International. "Governments must introduce and enforce robust measures to control the import of products made with forced labor. This includes in the EU, where the proposed forced labor regulation must be meaningfully designed to prevent EU member states [from] becoming dumping grounds for Uyghur forced labor goods."

Source: sourcingjournal.com– Dec 07, 2023

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Real new orders in German manufacturing down 3.7% MoM in Oct 2023

Real (price-adjusted) new orders in the German manufacturing sector were down by 3.7 per cent month on month (MoM) in October this year after seasonal and calendar adjustment, according to provisional figures of the Federal Statistical Office (Destatis).

The less volatile three-month on three-month comparison showed that new orders were 4.6 per cent lower in the period from August to October this year.

New orders excluding large-scale orders were up by 0.7 per cent MoM in October.

After revision of the provisional results, new orders in September this year increased by 0.7 per cent MoM.

Foreign orders in October fell by 7.6 per cent, with new orders from the euro area decreasing by 7.6 per cent and orders from the rest of the world by 7.4 per cent. Domestic orders rose by 2.4 per cent in the month.

According to provisional figures, real turnover in manufacturing (seasonally- and calendar-adjusted) was down by 0.5 per cent MoM in October this year. The calendar-adjusted turnover was 2.1 per cent lower than in October 2022. After revision of the provisional data, the figure decreased by 1.4 per cent MoM in September.

Source: fibre2fashion.com– Dec 07, 2023

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USA: Dollar General Says Apparel Sales Are Slowing

After a year that has included controversy over workplace safety violations and a CEO swap, Dollar General had mixed news for shareholders during its third-quarter earnings call today.

The dollar store company's net sales for the third quarter increased by 2.4 percent to $9.7 billion compared to $9.5 billion during the same period in 2022. But while net sales increased, same-store sales dropped by 1.3 percent, which the retailer attributed to a decline in average transaction amount. Same-store sales declined across several categories, including apparel, home, seasonal and consumables.

Gross profit as a percentage of net sales was 29.0 percent compared to 30.5 percent during the same quarter last year, a drop of 147 basis points. Dollar General pointed to increased shrink, along with lower markups and more markdowns, as the drivers of the decline. New CEO Todd Vasos—who previously served in the role for the company and came out of retirement in October after the ouster of Jeff Owen—admitted Dollar General still has work ahead but remained positive about its earnings.

"While we are not satisfied with our financial results for the third quarter, including a significant headwind from inventory shrink, we are pleased with the momentum in some of the underlying sales trends, including positive customer traffic, as well as market share gains in both dollars and units," he said. "We continue to believe our model is relevant in all economic cycles, and we are working diligently to further enhance our unique combination of value and convenience."

The company's net income dropped 47.5 percent compared to third quarter 2022, from $526.2 million last year to $276.2 million this year. SG&A expenses as a percentage of net sales came in at 24.5 percent, an increase of 183 basis points. Operating profit for the third quarter decreased 41.1 percent to $433.5 million compared to $735.5 million during the same period last year.

Looking at merchandise inventory, as of Nov. 3, Dollar General stood at $7.4 billion compared to $7.1 billion on Oct. 28, 2022, a drop of 1.8 percent on a per-store basis. Dollar General's capital expenditures—which include remodels, relocations, upgrades and more—came in at $1.2 billion for the 39-week period ending Nov. 3. Vasos told shareholders the company will slow its real estate growth plans in 2024 with 800 new stores, 1,500 remodels and 85 relocations planned.

“This is a modest slowdown compared to the number of projects in recent years, which we believe is prudent in this environment,” he said. “We are excited about the opportunities these projects provide to serve both new and existing customers, while also driving strong financial returns for the business and laying the foundation for future growth. Looking ahead, we are confident in this business model and its ability to create long-term shareholder value.”

Looking ahead to fiscal 2024, Dollar General said it expects a net sales growth in the range of 1.5 to 2.5 percent and same-store sales growth to stay flat or decline by 1 percent.

Vasos came back to Dollar General this fall after the company was hit with millions of dollars in fines from the U.S. Department of Labor’s Occupational Safety and Health Administration (OSHA) for what it called “willful, repeat and serious” workplace safety violations. The violations, along with complaints that the store doesn’t do enough to protect its workers from armed robberies, led to protests at the company’s Nashville, Tenn., headquarters in May.

In the wake of that backlash, Dollar General, which operates some 18,000 stores nationwide, booted its CEO and called in Vasos, who helmed the company from 2015-2022, and served on its board from April to October 2023. Vasos told investors on the company’s earnings call that he understands the challenges Dollar General faces, and he remains optimistic that he and his team will be able to overcome them going forward.

“We have some hard work yet ahead of us, but we know what to do,” he said. “We’ve done it before, and we are absolutely set on doing it again, as quickly as possible.”

Source: sourcingjournal.com– Dec 07, 2023

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Home textiles sales at Big Lots down nearly $170 million compared to 2019

Soft home sales have improved sequentially across 2023, per Big Lots' latest filling with the SEC. However, on a year-over-year basis, the category faces a steep climb back to pre-pandemic levels.

Soft home sales rang in at $141.2 million for the quarter ended Oct. 28, down 15% from the year-ago period. On the upside, that marked an improvement over the $143.9 million in home textiles sales generated during Q2 and the $141.9 million sold in Q1.

"The improvement in furniture is also providing a positive halo effect on soft home sales," Bruce Thorn told investors during last week's call to discuss third quarter results.

He added: "Our new assortments in areas such as accent, decor, and modern styles started to roll out in the third quarter, and we expect sales momentum to continue to build as we lean into newness and value offerings."

Widening the lens, the newly reported category breakout data shows that home textiles sales for both the Q3 and 9-month periods have steadily declined in each of the past 3 years.

For the first 9 months of the current fiscal year, soft home sales were nearly $170 million lower than they were in 2019. Store count for both 2019 and YTD 2023 are essentially the same: 1,418 locations in 2019 vs. 1,420 locations in at the close of the recent third quarter.

Big Lots ended the quarter with total inventory at $1.177 billion, down 12.5% compared with $1.345 billion in the year-ago period.

Source: hometextilestoday.com– Dec 07, 2023

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Italy's GDP expected to grow by 0.7% in 2023, 2024

Italy's gross domestic product (GDP) is expected to grow by 0.7 per cent both this year and the next, slowing down compared to 2022.

This GDP rise would be driven primarily by the contribution of domestic demand net of inventories—by 0.8 percentage points (pp) in 2023 and by 0.7 pp in 2024.

This is in contrast to a marginally negative contribution of net foreign demand in 2023 (minus 0.1) and 2024 (nil)—expected to be negligible in both years, according to a release by the official statistics agency Istat.

Internal demand will be mainly influenced by private consumption—1.4 per cent in 2023 and 1 per cent in 2024, thanks to the deceleration of inflation, associated with a gradual—albeit partial—recovery in wages and employment growth.

Investments, although still growing, are expected to significantly slow down compared to the previous two years—0.6 per cent in 2023 and 2024.

Over the two-year forecast period, employment will grow in line with GDP—by 0.6 per cent in 2023 and by 0.8 per cent in 2024. The improvement in employment will be accompanied by a decrease in the unemployment rate to 7.6 per cent this year and 7.5 per cent in 2024.

Inflation deceleration, mostly determined by the decline of energy raw material prices and restrictive monetary policies implemented by the European Central Bank, will moderate the dynamics of resident household expenditure deflator both in 2023 (5.4 per cent) and in 2024 (2.5 per cent).

Source: fibre2fashion.com– Dec 08, 2023

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Strongest manufacturing output expansion rates in Nov in India, Russia

November saw the global economy growing, as a stabilisation in new order intakes supported a mild increase in output, according to S&P Global Ratings.

The J.P. Morgan global composite purchasing managers' index (PMI) output index rose to 50.4, up from 50 in October, to signal expansion for the ninth time in the past ten months. Employment growth came close to stalling.

The index is generated by J.P. Morgan and S&P Global in association with the Institute of Supply Management (ISM) and the International Federation of Purchasing and Supply Management (IFPSM).

There were also some positive signals coming out of the manufacturing industry. Although production volumes decreased for the sixth successive month, the rate of contraction was negligible and the weakest during that sequence.

Output growth was registered in seven of the 14 nations for which November composite PMI data were available, S&P Global said in a release. The strongest rates of expansion were in India and Russia, with increases also seen in the United States, China, the United Kingdom, Brazil and Ireland. Japan, Germany and France were among the countries that saw contractions.

November saw no change in the level of new business received, as a modest increase at service providers was offset by a further decrease at manufacturers.

The trend in new export business remained downbeat, however, as international trade in goods and services contracted for the twenty-first successive month. With the flat trend in new business inflows, companies raised output through the completion of existing contracts.

Backlogs of work decreased for the seventh consecutive month and to a slightly greater extent than in October.

There were also growing signs that the generally lacklustre trends in output and new business during recent months were taking their toll on the labour market.

Although job creation was signalled for the thirty-ninth month running, the rate of growth ground to a near-standstill and was the joint-weakest during that sequence. Employment increased in the United States, Japan, India, Spain, Russia, Brazil, Australia and Ireland.

November saw further increases in both input costs and output charges. The pace of inflation for the former eased slightly, but accelerated for the latter.

Source: fibre2fashion.com– Dec 08, 2023

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Sri Lanka's apparel manufacturing industry asserts importance of Vertical Integration, improved government policy support

Asserting the importance of vertical integration, Chairman of the Fabric and Apparel Accessory Manufacturers Association (FAAMA), Sahan Rajapakse stated that 50% – 60% of Sri Lanka's fabric requirement is imported. This dependency on imports prolongs the industry's lead times and impedes its ability to enhance speed and embrace agile models. Notably, over 40% of these imports consist of cotton, while 70% are composed of synthetic materials.

FAAMA is the governing body of fabric and apparel accessory manufacturers of Sri Lanka and a subsidiary of the Joint Apparel Association Forum (JAAF).

The association has over 40 member companies and is the unified voice for the apparel industry's supply chain, aiding fabric and apparel accessory manufacturers to identify opportunities and work towards improving logistics, policies, and infrastructure.

Rajapakse stressed that bringing in supply chains within domestic factories will help reduce lead times and allow Sri Lanka to compete with countries that already have well-established vertical integration. "Countries such as China, Vietnam and Bangladesh all have vertical integration in place. Having this vertical integration will allow investors to develop the product organically within the local supply chain, resulting in reducing freight charges."

He reiterated that the fabric and cotton fabric industry have great potential for vertical integration. Currently, 40-50% of the required resources is supplied by companies like Hayleys Fabric, Teejay and Ocean Lanka. The industry's speciality is the value-added market in terms of the functionality of the fabric.

The fabric and apparel accessory manufacturing industry is also in dire need of government policy support given that it continually battles high electricity and water tariffs which have increased industry operational costs.

Rajapakse also highlighted the adverse impact of abolishing the Simplified Value Added Tax (SVAT) can have on the industry including jeopardising the cash flow of businesses. “With the increase of documentation and costs, investors will be discouraged from entering Sri Lanka.”

The industry also sees immense potential for partnerships through foreign direct investment to capitalize on know-how on product and machinery development. “The industry has not had much investment in the past few years,” states Rajapakse. “Improving Sri Lanka’s investment environment can certainly be a tool in strengthening Sri Lanka’s fabric and apparel accessory manufacturing industry and its supply chain.”

Source: island.lk– Dec 07, 2023

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Bangladesh: RMG shipment to the USA fell 24.75% in Jan-Oct

Bangladesh's garment export to the United States fell 24.75 percent year-on-year to $6.35 billion in January-October this year because of a slowdown in the import of clothing items by American buyers since they still have stocks of old inventories.

Earnings from garment export to the US, the country's largest export destination, stood at $8.44 billion during the January -October period of last year, according to data from the Office of Textiles and Apparel (OTEXA) of the US.
Google News LinkFor all latest news, follow The Daily Star's Google News channel.

If textile and apparel shipments are taken into consideration collectively, the earnings stand at $6.51 billion, a decrease of 25.25 percent year-on-year.

Last year, Bangladeshi suppliers shipped garment items worth $10.02 billion to America, the highest in a single year.

In January-October this year, the USA's overall apparel import fell by 22.71 percent year-on-year to $67.26 billion, OTEXA data showed. The decline stands at 21.46 percent, to $90.04 billion, if both textile and apparel products are considered jointly.

Garment shipments to the USA have been falling because of high inflation and because buyers still have old stockpiles of goods in stores of American clothing retailers and brands.

Moreover, American apparel retailers and brands imported a lot of garment items after recovering from the impacts of Covid-19 but sales did not pick up in line with supply as inflation rose due to the severe fallout of the Russia's invasion of Ukraine.

Exporters believed the declining trend reflected the US market correcting itself after clothing shipments to America witnessed more than 50 percent growth last year.

AK Azad, chairman and chief executive officer of Ha-Meem Group, a top garment exporter to the US, said sales of clothing items in US stores could not gather steam because of inflation.

At the same time, American retailers and brands imported a lot of garment items last year, he said.

The National Retail Federation (NRF) recently forecast holiday spending to reach record levels during November and December and to grow between 3 percent and 4 percent over 2022 to between $957.3 billion and $966.6 billion.

"It is not surprising to see holiday sales growth returning to pre-pandemic levels," NRF President and CEO Matthew Shay said. "Overall household finances remain in good shape and will continue to support the consumer's ability to spend."

Despite a slower growth rate compared to the past three years, when trillions of dollars of stimulus led to unprecedented rates of retail spending during the pandemic, this year's holiday spending is consistent with the average annual holiday increase of 3.6 percent from 2010 to 2019.

Online shopping has witnessed one of the biggest shifts in consumer behavior from the Covid-19 pandemic. Online and other non-store sales, which are included in the total, are expected to increase between 7 percent and 9 percent to a total of between $273.7 billion and $278.8 billion.

That figure is up from $255.8 billion last year.

"Consumers remain in the driver's seat and are resilient despite headwinds of inflation, higher gas prices, stringent credit conditions and elevated interest rates," NRF Chief Economist Jack Kleinhenz said.

"We expect spending to continue through the end of the year on a range of items and experiences, but at a slower pace. Solid job and wage growth will be contributing factors this holiday season, and consumers will be looking for deals and discounts to stretch their dollars," Kleinhenz said in the statement.

Source: thedailystar.net– Dec 08, 2023

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NATIONAL NEWS

RBI revises FY24 real GDP growth projection to 7% from 6.5%

The Reserve Bank of India (RBI) has bumped up its real GDP growth projection for FY24 to 7 per cent from 6.5 per cent even as the CPI inflation projection has been retained at 5.4 per cent.

“The Indian economy presents a picture of resilience and momentum. The real gross domestic product (GDP) growth for Q2 of the current financial year has exceeded all forecasts,” Governor Shaktikanta Das said in his 32nd monetary policy statement.

Das emphasised that the fundamentals of the Indian economy remain strong with banks and corporates showing healthier balance sheets; fiscal consolidation on course; external balance remaining eminently manageable; and forex reserves providing cushion against external shocks.

These factors, combined with consumer and business optimism, create congenial conditions for sustained growth of the Indian economy, he added.

“Looking ahead, it is our endeavour to further build on these fundamentals which are the best buffer against global shocks in today’s uncertain world,” Das said.

Real GDP growth for Q3 has been revised to 6.5 per cent (6.0 per cent); and Q4 to 6.0 per cent (5.7 per cent).

Real GDP growth projection for Q1:2024- 25 has been nudged up to 6.7 per cent (6.6 per cent). The real GDP growth projection for Q2 and Q3 are at 6.5 per cent and 6.4 per cent, respectively, with risks evenly balanced.
CPI inflation

RBI retained CPI inflation projection at 5.4 per cent for 2023-24, with Q3 at 5.6 per cent and Q4 at 5.2 per cent.

"Since the last policy, CPI headline inflation moderated to 4.9 per cent in October from 7.4 per cent in July....There has been broadbased easing in core inflation, which is indicative of successful disinflation through monetary policy actions," Das said.

The near-term outlook, however, is masked by risks to food inflation, which might lead to an inflation uptick in November and possibly in December, he cautioned, adding this needs to be watched for second round effects, if any.

CPI inflation for Q1:2024-25 is projected at 5.2 per cent; Q2 at 4.0 per cent; and Q3 at 4.7 per cent. The risks are evenly balanced.

Source: thehindubusinessline.com– Dec 08, 2023

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India to turn 3rd-largest economy by 2030: S&P Global Ratings

India will turn the third-largest economy by 2030 and the fastest-growing major economy in the next three years, according to a recent report released by S&P Global Ratings.

The country's gross domestic product (GDP) is expected to grow by 6.4 per cent in fiscals 2023-24 and 2024-25, by 6.9 per cent in fiscal 2025-26 and by 7 per cent in fiscal 2026-27.

India is currently the fifth largest economy in the world behind the United States, China, Germany and Japan.

The country's paramount test, however, will be whether it can be the next big global manufacturing hub, S&P Global said in its 'Global Credit Outlook 2024'.

"A strong logistics framework will be key in transforming India from a services-dominated economy into a manufacturing-dominant one," it said.

Unlocking the labour market potential will largely depend upon upskilling workers and increasing female participation in the workforce.

A booming domestic digital market could fuel expansion in India's high-growth start-up ecosystem during the next decade, especially in financial and consumer technology, S&P Global noted.

Source: fibre2fashion.com– Dec 07, 2023

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DPIIT holds meeting with World Bank to showcase initiatives and reforms undertaken to improve India's Logistics Efficiency

A meeting to showcase ongoing and upcoming initiatives and reforms to improve India's Logistics Efficiency to the World Bank Team was held under the chairpersonship of the Special Secretary (Logistics), Department for Promotion of Industry and Internal Trade (DPIIT), Smt Sumita Dawra in New Delhi yesterday. The nodal officers of the Logistics Performance Index (LPI) dedicated team including Land Ports Authority of India (LPAI), M/o Civil Aviation, M/o Railways, M/o Ports, Shipping and Waterways (MoPSW), M/o Civil Aviation (MOCA), Central Board of Indirect Taxes and Customs (CBIC) and National Industrial Corridor Development Corporation Limited (NICDC) and members from World Bank participated in the meeting.

Special Secretary (Logistics) DPIIT highlighted that the targeted action plan has been shared by various Ministries/ Departments and big data is being generated to improve the logistics efficiency of the country. These efforts will improve India's ranking in the World Bank LPI. During the meeting, DPIIT showcased the best practices adopted by Indian Ministries/ Departments that are helping improve India's Logistics efficiency. Some of the reforms/ initiatives undertaken are summarised below.

LPAI has implemented a Land Port Management System (LPMS) to digitise operations and facilitate a secure electronic flow of information between all stakeholders at the Integrated check posts (ICPs) and has also implemented smart gate for automated entry and exit (Land Port Petrapole). They have been successful in meeting NTFAP target of reducing export release time from 101 hours to 22 hours while average import release time for Land Ports is 17 hours.

100% electrification of railway tracks is being planned by MoR. The speed of track construction has increased by 3.6 times between FY 2014 and FY 2023, locomotive and wagon holding is expected to increase by 1.6 times and 1.8 times respectively from FY2023 to FY 20230. CAPEX has been increased to USD 31.2 Billion in 2024 to improve the speed and volume of freight transport in the country, and the implementation of Eastern and Western dedicated freight corridors is offering an average speed of 50-60 km, which is almost thrice that of regular railway tracks.

MoPSW has launched NLP Marine, a National maritime single window platform encompassing complete end-to-end logistics solutions to help exporters, importers, and service providers exchange documents seamlessly and transact business.

CBIC's ICEGATE (Customs Automated Portal) for various APIs such as Bill of Entry, Shipping Bill, etc. is integrated with ULIP. In addition, they have digitized the application filing, processing, and digitally signed delivery of AEO certification for AEO T1 applications by way of launching AEO portal.

MoRTH has planned 35 multi-modal logistics parks (MMLPs), 108 port connectivity projects and 608 way side amenities sites. FASTag, an electronic toll collection system that employs Radio Frequency Identification technology for making toll payments directly from the prepaid or savings account linked to it or directly toll owner has also been launched. e-Air Way Bill (e-AWB) and e-Cargo Security Declaration are Digital Measures taken by MoCA. Implementation of e-Gatepass is due in September 2024.

Senior Transport Economist, World Bank, Mr. Jean-François Arvis applauded the decisive efforts India is making in promoting digital interventions in the logistics sector. He further presented about the change in LPI calculation approach that is being considered by the World Bank. In 2023, new KPIs that would measure the actual speed of trade around the world were introduced. He added that the new KPIs are derived from large global tracking datasets (Big Data) covering shipping containers, air cargo, and parcels. Some of the big data sources include Container tracking data, Global postal data: International express and parcels managed by postal services, Airway bill data by IATA, Ship tracking data, Import dwell time, Export dwell time, Airport dwell time and Postal Delivery time.

Special Secretary (Logistics), DPIIT added that these initiatives with a targeted intervention will improve logistics efficiency in the country. Further DPIIT and Inter-Ministerial Dedicated Team would continue to work with the World Bank to understand the LPI evolving methodology.

Source: pib.gov.in– Dec 07, 2023

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Vietnam introduces garment and textile products in India

The Vietnam Trade Office in India arranged a pavilion to introduce Vietnam's textile and garment products at Intex South Asia, an international textile sourcing show opened in New Delhi on December 7.

During the three-day event, Vietnamese businesses, including Viindi Global, a young startup, are showcasing a number of fashion items manufactured in Vietnam and India, along with fabric, yearn, and accessories in the textile-garment sector.

Many Indian businesses have shown their interests in their Vietnamese peers' business and development models while hoping to cooperate with Vietnamese businesses to expand business operations in India, Southeast Asia and the world.

Shubhra Agarwal, Director at the Indian Ministry of Textiles, hoped that Vietnamese enterprises will expand their business models in India to take advantage of the South Asian country's population size and workforce.

Intex South Asia is held by the Worldex India Exhibition and Promotion Private Limited and the Federation of Indian Chambers of Commerce and Industry (FICCI), with sponsorship from the Ministry of Commerce and Industry, and the Ministry of Micro, Small and Medium Enterprises of India.

The fair has connected 50,000 buyers from 35 countries and territories with more than 1,800 suppliers. The event, a leading international textile sourcing show in South Asia, has been organised for 11 times in Sri Lanka, Bangladesh, and India since 2015.

This year, more than 100 major suppliers of fibre, yarn, fabric, apparel accessories, dyes, and chemicals have participated in the show, which also includes a series of workshops and networking events. According to data from the General Department of Vietnam Customs, Vietnam's textile and garment exports to India in the first 10 months of 2023 reached nearly 150 million USD, up 10% over the same period last year.

Source: en.vietnamplus.vn– Dec 08, 2023

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Textile industry crisis looms large as demand hits a low

Sivakumar, who operates a foundry in Coimbatore in Tamil Nadu, usually buys scrap from the southern districts of the State. However, recently he received 250 tonnes of scrap from a textile mill that had sold its machinery in Salem, a textile centre which is just a 3.5-hour drive from Coimbatore. Similarly, in the powerloom cluster of Somanur in Tamil Nadu, Kandasamy, a weaver, says more than 10 looms are being sold away every month at his village (Devarayapuram) alone.

With such reports abound from clusters in T.N., J. Thulasidharan, president of the Indian Cotton Federation (ICF), says the current distress in the textile and garment industry, which is predominantly part of the MSME sector, is similar to the situation in the late 1960s.

Factories shutting

In the past couple of months, many factories across the textile value chain have either shut down and disposed of machinery or sold excess lands to stay in business; working hours have been reduced for labourers, impacting their wages; and the share of textiles and apparel in the Index of Industrial Production has shrunk.

In Andhra Pradesh, P. Koti Rao, who heads the A.P. Textile Mills Association, says 8-9 mills have closed down and more are on the verge of closure.

"It [textile mills] is a first generation industry in Andhra Pradesh. We used to export 30% of the yarn produced. Now, it is not even 5%. Cotton prices are high, electricity charges are up, and there is no support from the Centre or State governments," he says. An oft-repeated cause for the crisis is that the industry is going through a prolonged period of low demand in both export and domestic markets.

The domestic demand is tepid though retail sales during the festival season this year was on a par with that of last year.

On the export front, shipment of textiles declined 0.41% in April-October 2023, compared with the same period last year even as it grew 24.29% in October 2023 as against October 2022.

Apparel exports saw an 8.08% degrowth in October and declined 14.58% in April-October 2023 compared with the same period last year.

Apparel shipments fall

Apparel shipments started declining last August, looked better in November and December 2022, but started registering negative growth again since January this year. The geopolitical situation, inflation in buying countries, and huge inventory with the retailers are said to have dampened orders. But, for the Indian textile and clothing industry, there are multiple issues stunting its growth and competitiveness — raw material prices, escalating input costs, quality control orders (QCO), and import of garments, to name a few.

Raw material (fibre) constitutes 60-70% of manufacturing cost, which has turned expensive in India impacting the competitiveness of the industry severely, says S.K. Sundararaman, chairman of the Southern India Mills' Association. “Cotton prices crossed ₹1 lakh a candy in the last before season (2021-2022) and still textile mills were buying. Now, cotton prices are less than ₹60,000 a candy and there are no buyers,” said an official source.

The Indian textile sector is largely cotton based and production and yield of cotton in the country are on a downward trend.

In 2013-2014 cotton season, production and yield peaked to 398 lakh bales and 566 kg a hectare respectively.

In 2021-2022, the actual production was 310 lakh bales and yield 451 kg a hectare. Imposition of 10% import duty in 2021 led to a sharp rise in cotton prices that year and then a fall from last October, hurting farmers and the industry.

“Any decision of the government should be consistent and long term, benefiting farmers and the consumer industry. For more than a decade from 2008, India did not have import duty on cotton,” points out Nishanth Asher, secretary of ICF. At the present price levels, Indian cotton is on a par with the world average. Only if it stabilises at this level, can the industry make gains.

In the case of man-made fibre (MMF), domestic supply is limited and introduction of QCO is hurting the industry, say sources.

The average capacity utilisation of the textile industry in Gujarat is 70%, says Ashish, a weaving unit owner. “We used to import almost 20% of filament yarn. Now, we cannot because of the QCO. In the last two months, yarn price has increased by ₹5 a kg,” he adds.

Mr. Ashish and Sanjay Jain, another textile exporter, feel the government should have introduced QCO on garments and fabric instead of fibre. While there are restrictions on import of fibre, fabrics and garments are coming in mainly from Bangladesh.

Between January and September this year, fabric, apparel and home textiles worth $3,247.6 million were imported. Total textile imports during this period stood at $6,967 million.

Palanisamy, who manufactures undergarments in Tiruppur and and sells them in the domestic market, says, “A buyer from Kerala recently showed me a piece made in Bangladesh. It costs ₹25 while my product costs ₹30. Branded retailers are opening outlets in smaller towns too and they sell a lot of imported garments,” he says.

According to Rahul Mehta, chief mentor of the Clothing Manufacturers Association of India, “Those who compete on prices are affected the most because of imports. With Bangladesh having duty-free access to Indian market, those garments are available at 15-20% less cost in India.”

When fabric is imported, jobs are lost in cotton, spinning, knitting, compacting, and processing segments in India. So, on the lines of the ‘Make in India’ campaign, the government should encourage purchase of Indian textiles. While the current volume of imports are not much compared with the overall size of the domestic market, diversion of these orders to local manufacturers will bolster production, say industry sources.

In the international market too, Indian garment exporters continue to face price challenges. Buyers are cost conscious and despite the recent hike in wages in Bangladesh, Indian exporters do not expect major shift in orders. The overall cost difference between Indian and Bangladesh garments should be about 2-3%, but the labour costs are lesser in Bangladesh by almost 30%. With Bangladesh having duty-free access to the EU, Indian exporters are unable to make inroads.

Post the first wave of COVID-19, there was a huge demand and prices started moving up across the supply chain. This buoyed the domestic industry and capacities were added rapidly. With some of the States also offering incentives and packages to attract investments in textiles, there is over capacity in many segments. “Subsidies cannot continue for long and costs of labour or electricity will increase. The industry should work out the metrics to improve its competitiveness,” said Siddhartha Rajagopal, Executive Director of Cotton Textiles Export Promotion Council.

In clusters like Tiruppur, where the mainstay of the economy is the textile industry, rentals, retail sales, and restaurants are also bearing the brunt. “My godown has no takers for almost a year now,” said Sakthivel, a realtor. Muthupandi used to stitch 1,000 pieces of garments a day at an export house, earning 50 paise for a piece. He now gets only 50% of the work. “Even the money to buy tea is given only as an advance amount to workers,” he says.

The industry continues to hope for a revival in demand and the harbinger for that are cotton textile exports. Export of cotton yarn, fabrics, made-ups and handlooms is witnessing signs of revival since July this year, with outbound shipments crossing pre-COVID levels in October 2023.

“Cotton textile exports are normalising and home textiles are expected to lead the growth,” says Mr. Rajagopal.

But, what the industry needs urgently is policy intervention at the Centre and State-levels and holistic measures to improve competitiveness.

Source: thehindu.com– Dec 07, 2023

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Textile mills in T.N., AP and Telangana plan to stop production for a week

As many as eight textile mill associations in Tamil Nadu, Andhra Pradesh, and Telangana have called for stoppage of production for a week, in order to manage the surplus yarn available in the market that is bringing prices down.

At a virtual meeting of the associations held on Wednesday, December 6, 2023, it was pointed out that the three southern States account for 55% of yarn production capacity in the country. These mills have been facing multiple problems for the past 18 months in the global and domestic markets that has made several units sick.

Fluctuating cotton prices because of the levy of 11 % import duty and a steep hike in electricity charges have made the spinning mills in the southern States less competitive compared to those in States such as Gujarat and Madhya Pradesh. These States offer several incentives in their respective textile policies.

The import of fabrics, garments and made ups from China, Bangladesh, Vietnam and Sri Lanka is also dampening core schemes implemented by the Central Government to promote indigenous-quality manufacturing. Cotton fibre imports have surged 40%, viscose fibre 149%, cotton yarn 442%, polyester yarn 46%, viscose yarn 204%, polyester fabrics 46%, garments 44% and made ups 27%.

S. K. Sundararaman, chairman of the Southern India Mills' Association (SIMA), in a press release, said that the Associations have appealed to the Chief Ministers of the three States to roll back the hike in power charges for a year, and exempt third party power, and power exchange power purchases, from cross-subsidy surcharges and additional surcharges.

The Central government should extend for a year, the moratorium on repayment of principal loan amounts, convert three-year loans under ECLGS (emergency credit line guarantee schemes) into six-year term loans; extend necessary financial assistance to mitigate the stress on working capital on a case-to-case basis; remove the 11% import duty on cotton ; address quality control order (QCO) related issues, and exempt raw materials imported through the advance authorisation scheme from the QCO.

"They have also advised the spinning sector across India to cut down production by 35% or to work in one shift to avoid distress sales and reduce losses," a press release from the SIMA said.

Apart from SIMA representatives of the Tamil Nadu Spinning Mills Association, other participants included the South India Spinners Association, Indian Spinning Mills Association, Recycle Textile Federation, Rajapalayam Spinners Forum, Andhra Pradesh Textile Mills Association, and Telangana Spinning & Textile Mills Association.

Source: thehindu.com– Dec 07, 2023

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