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INTERNATIONAL NEWS

World's largest economy US holds strong despite challenges: CEBR

In a year filled with economic hurdles, the world's largest economy stood resilient, boasting an estimated Purchasing Power Parity (PPP)-adjusted GDP per capita of $80,412 in 2023.

Despite the Federal Reserve's aggressive interest rate hikes totalling a full percentage point, the nation's economy surpassed expectations with a growth rate of 2.1 per cent in 2022, accelerating slightly to 2.2 per cent in 2023, the Centre for Economics and Business Research (CEBR) said in a recent report.

Consumer spending, buoyed by employment strength, played a pivotal role in the year's economic narrative. However, as 2024 approaches, the economic landscape appears more subdued.

The delayed effects of interest rate hikes and reductions in fiscal spending are expected to cool consumer expenditure and overall economic momentum, as per the CEBR report titled 'World Economic League Table 2024'.

Inflation, which moderated to an estimated 4.1 per cent in 2023, remains a focal point. Despite a downward trend, prices are projected to stay above the Federal Reserve's 2 per cent target into 2024, keeping policymakers and consumers watchful.

As November 2024 looms, the presidential election is set to become a critical juncture. With President Joe Biden expected to run against a prominent Republican figure, economic stewardship and domestic policies, alongside pressing foreign policy issues, are poised to dominate the discourse, the report said.

Ambitions for a greener future also continue to shape the policy landscape. The Inflation Reduction Act, with its broad sweep over climate, taxation, and healthcare, underlines a commitment to net-zero emissions by 2050, reflecting the nation's evolving policy priorities.

Long-term projections indicate a gradual decline in the United States' share of global GDP, with China expected to ascend as the world's largest economy by 2037, a year later than previously forecast.

This slight adjustment reflects both an optimistic near-term outlook for the US and emerging concerns in China's real estate sector.

Source: fibre2fashion.com– Jan 01, 2024

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UK's growth slows amidst inflation & policy challenges: Report

The United Kingdom, known for its high-income status and service-based economy, is navigating a period of economic adjustment as it approaches the fourth year post-Brexit. Despite holding the world's sixth-largest economy title, the UK's expected GDP per capita stands at $56,836 for 2023, marking a significant phase in its economic journey, as per a recent report.

In 2022, the UK economy witnessed a 4.3 per cent annual growth, buoyed by a resurgence in demand following the pandemic's disruption. However, 2023 has unfolded as a year of economic deceleration, with growth anticipated to slow down to a mere 0.4 per cent. This slowdown is attributed to various challenges, including supply-side headwinds, increased input costs, and supply chain disruptions, leading to a significant rise in consumer prices, the Centre for Economics and Business Research (CEBR) said in its report titled ‘World Economic League Table 2024’.

The inflation rate, while decelerating from 2022's 9.1 per cent to an estimated 7.5 per cent in 2023, remains above historical norms. The Bank of England, mirroring global central bank trends, has aggressively raised interest rates from a record low of 0.1 per cent to 5.25 per cent to combat inflation. These measures, while slowing inflation, have also dampened investment and spending, impacting economic output.

The labour market reflects the economy's broader challenges, with a slight increase in unemployment rates to 4.2 per cent. Despite this, the UK benefits from historically low unemployment levels and robust nominal wage growth, fuelling consumption.

The UK's economic trajectory remains cautious, with projections of just 0.5 per cent growth in 2024. A recovery is anticipated in 2025 with a projected growth of 1.9 per cent as monetary policies ease. The economy is then expected to stabilise with an annual growth rate between 1.6 per cent and 1.8 per cent.

Source: fibre2fashion.com– Dec 31, 2023

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USA: In Tough Times, Cotton Acres Holding Steady for 2024

Here we go again. Stepping out into the unknown. Sticking our necks out to kickstart the new year's cotton acreage projection game once more.

In reality, Cotton Grower's track record for acreage projection has been pretty good for the past several years. And, if nothing else, it gives the industry something to ponder and/or poke fun of until the more esteemed scientific surveys from the National Cotton Council and USDA are released in the coming months.

As always, these acreage projections are based on input and conversations with multiple stakeholders in the cotton industry — our readers, state cotton specialists, economists, and others related to U.S. cotton. It's a reporting job with math involved, and we try to do our best with the information we get.

That said — and based on the information in hand as of mid-December — U.S. cotton growers are projected to plant a total (upland and Pima) of 10.19 million acres in 2023. That's a decrease of roughly 42,000 acres from USDA's 2023 reported plantings last October, or approximately .5% down from 2023's pre-harvest numbers.

In essence, our calculations show no significant change in cotton acreage from late 2023.

What Happened?

One year ago, U.S. cotton growers were feeling pretty good about their crop prospects for 2023. Prices were still acceptable (but not high), and early season moisture gave hope for a good start to the year across most of the Cotton Belt. Flooding issues washed some traditional cotton acres in California and Texas away to alternative crops, and another summer of searing heat baked away prospects of favorable yields, especially across the Southwest, still reeling from the effects of the historic drought of '22.

USDA's final October tally of 10.23 million acres shows how much Mother Nature and other market forces took out of the early 2023 projections of 11.0 to 11.5 million acres.

As expected, there was one overriding comment in nearly every response we received — cotton prices in relation to other commodities will strongly influence cropping decisions and acres for 2024. Of course, continuing inflation concerns, global demand for cotton, political and geopolitical issues, and continued high production costs certainly have an impact, too.

“If you look at the historical corn/cotton ratio, the results point to about 10.8 million acres of cotton,” says Dr. Darren Hudson, Professor and the Larry Combest Endowed Chair for Agricultural Competitiveness and Director of the International Center for Agricultural Competitiveness at Texas Tech University. “The problem is the ratio doesn’t capture our current level with 77-cent cotton and $5 corn. The ratio would suggest it’s more favorable to cotton this year than last year. But my gut tells me that at 77 cents, we’re just not going to get a lot of it.”

Here are the survey results on a regional basis.

Southeast

Overall, sources in Alabama, Florida, Georgia, the Carolinas, and Virginia indicated they’ll plant 2.15 million acres of cotton in 2024, an 8% decrease from 2023. As the number indicates, acreage across the region should hold relatively steady, especially in Georgia, to slightly down. No acreage increases were anticipated in any of the region’s states.

“Multiple factors are depressing cotton,” says Steve Brown, Alabama Extension Cotton Specialist. “The price is not in the upper 80s or better. Severe drought in southwest Alabama and harvest season rainfall were disappointing. And rising input costs remain.”

“In North Carolina, meaningful improvements in price would likely increase our acreage noticeably,” says Guy Collins, North Carolina State Extension Cotton Specialist. “Severe drought in some places in 2023 may affect some acreage decisions.”

“I’m generally an optimist when it comes to acreage, but I’d predict Georgia stays stagnant at best compared to 2023,” says Camp Hand, University of Georgia Extension Cotton Specialist. “We still have more infrastructure in place for cotton compared to corn, and there aren’t many other options to break a dryland peanut rotation other than cotton. We are a cotton state. And in my mind, we will stay that way for the foreseeable future.”

Mid-South

Most Mid-South states are projecting flat to slightly decreased acreage for 2024, with the exception of Tennessee where a slight increase is indicated. All totaled, the survey results show 1.65 million acres for 2024 across the five-state region.

"I think acres will be pretty flat," says Brian Pieralisi, Mississippi State Extension Cotton Specialist. "It's really hard to say for sure with south Mississippi still in such a drought. I wouldn't expect a large increase in acres as long as prices stay in the 80-cent range."

"Looking at futures for cotton, the price appears to be holding flat, and I'm sure most potential growers would be more comfortable with it higher," notes Trey Price, LSU Extension Cotton Specialist. "All that being said, I don't expect to see much of an increase in cotton acreage, if any."

"I expect we will pick up just shy of 50,000 acres to bring us back to the 300,000-acre mark in Tennessee, with a plus or minus of about 75,000," predicts Tyson Raper, University of Tennessee Extension Cotton Specialist. "The 2023 Tennessee crop was nothing short of incredible, and I suspect the subsequent excitement with the commodity will push our increase. But there's a long way to go before May!"

Click here for more details

Source: cottongrower.com– Jan 01, 2024

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Nicaragua, China Sign Free Trade Agreement

Nicaragua and China formally initiated trade under a new free trade agreement on Monday, marking a significant milestone for the Central American nation, according to Reuters.

The agreement enables Nicaragua to export approximately 71% of its products into the expansive Asian market, free from tariffs.

Among the products covered by this agreement are meat and seafood, including fish, shrimp, lobsters, and sea cucumber, along with sugar, peanuts, rum, leather, charcoal, wood, and automobile parts.

Notably, certain Nicaraguan industries, including meat and its by-products, coffee, rice, and sugar, are excluded from the agreement.

President Daniel Ortega, who has led Nicaragua for the past 17 years, hailed the agreement as "the best Christmas present" during his address on December 22.

He expressed optimism, stating, "Our brothers are here to shake hands, not to attack us. Let the imperialists of the land learn how to govern, how to work for peace."

Key Highlights of the Free Trade Agreement

Regarding goods trade, the agreement aims to eventually eliminate tariffs on 95% of products, with 60% immediately receiving zero tariffs and the remaining 35% gradually becoming exempt, tele SUR reported.

The agreement emphasizes mutual openings in goods trade, services trade, and investment market access.

Additionally, it promotes economic and technical cooperation in areas such as agriculture, textiles, logistics, tourism, and small and medium-sized enterprises.

Nicaragua envisions China becoming a major supplier of various goods, including raw materials, inputs, capital goods, and machinery.

The agreement also aims to facilitate Chinese investment in Nicaraguan agricultural exports and the establishment of free zone companies.

Nicaragua's agricultural sector, constituting 16.5% of the GDP, is pivotal in driving exports, making this agreement a strategic move for economic growth.

Click here for more details

Source: latinpost.com– Jan 01, 2024

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What's next for sustainability in 2024?

Strategic technical manager for textiles at not-for-profit campaign organisation WRAP (Waste and Resources Action Programme), Catherine Salvidge, reveals what fashion retailers and brands should look out for in the coming year when it comes to sustainability.

Last year, we learned that the steps taken to improve sustainability in the fashion industry across design, manufacturing and reuse and recycling were not enough to sufficiently reduce its environmental impact. Increasing circularity in design, circular business models and minimising production volumes is vital and will play a big role in the sector's sustainability efforts in 2024.

Wrap's Textiles 2030 Annual Progress Report, published in November 2023, revealed that the brands and retailers signed up to Textiles 2030 [34 fashion brands and retailers are part of 130 total signatories to WRAP's voluntary agreement launched in April 2021, committing to reduce carbon by 50% and the water footprint of new products by 30% by 2023] – reduced the carbon impact of the textiles they produced by 12% and water impacts by 4% between 2019 and 2022.

Retailers made these impressive reductions by improving sustainability in their design and manufacturing processes, and by increasing the amount of clothes they reused [through take back and second hand concession resale] and recycled. However, in the same period, our report also showed production and consumption spiralled upwards by 13%, cancelling out these positive steps and resulting in only a 2% decrease in carbon and an increase in the water footprint of 8% overall.

If the critical goals of the Paris Agreement [to limit global warming to 1.5°C, to avoid the worst impacts of climate change] are to be reached, the industry needs to accelerate action on circular design and circular business models while simultaneously tackling increasing production volumes.

WRAP predicts that the biggest factors in textiles sustainability in 2024 will centre around these issuescoo.

Designing for circularity

Up to 80% of the environmental impact of a product can be determined at the design phase [according to Best foot Forward, a sustainability consultancy that specialises in carbon and ecological footprinting]. Governments around the world are now looking to hold brands and retailers accountable for the impact of the products they place on the market.

The EU is leading the way with the EU Strategy for Sustainable and Circular Textiles [launched in March 2022], which includes the introduction of eco-design requirements under the Ecodesign for Sustainable Product Regulation (ESPR), in which regulation to raise the momentum of sustainable product design was agreed in December 2023. This will be harmonised with Extended Producer Responsibility (EPR) eco-modulation fees – fees paid by producer that vary according to products' environmental performance – Product Environmental Footprints (PEF) [a way of measuring the environmental impact of a product] and Digital Product Passports (DPPs) [that store and track information about a product, its materials, components and footprint data] to support traceability and transparency, as well as the communication of sustainability claims.

In the UK, the Green Claims Code [published by the Competition and Markets Authority (CMA) in September 2021, to help businesses understand how to communicate their green credentials while reducing the risk of misleading shoppers] will also continue to hold businesses accountable for greenwashing.

To prepare for incoming legislation in both the EU and UK, many brands and retailers – including Primark, Asos and H&M – are already focusing on how they can design products for circularity, considering how they lower the impact, extending product lifetimes and responsibly recover, reuse, remake and recycle products.

As a key pillar of circular design, WRAP has seen the topic of product durability rise in prominence, with last year's study by Primark, environmental charity Hubbub and the University of Leeds [Worn Out, research on clothing durability, July 2023], which showed that the retail price of a garment cannot be used as an indicator for how durable an item is, and that durability was not consistent across the variety of items tested.

Keeping our clothing in active use for as long as possible is crucial to sustainability (as it slows down the need for us to buy new clothing and supports the circular economy), durability is crucial to this. This study myth-busted that more expensive items aren't always the most durable and that sustainability can be affordable for everyone.

WRAP is now collaborating with the University of Leeds and more than 20 retailers on a three-year project to set consistent industry testing protocols, guidance and benchmarking for durability, with the aim of levelling the playing field and allow brands to communicate product durability to customers in the future. Our first guidelines from this collaboration will be published in 2024.

Although progress is being made in design, few brands have yet to engage with their supply chains on the importance of circularity. Looking ahead, the industry [retailers and brands] will need to translate what circularity means for manufacturers, in terms of changes to production processes, jobs and skills, investment strategies and access to capital. Consistency and collaboration will be key to drive clear market signals to supply chains and investors to enable circular design to scale and ensure a just transition [making the economy more sustainable in a way that is as fair and inclusive as possible to everyone concerned]. The Textiles 2030 Circular Design Toolkit can provide a consistent framework for businesses to develop their circular design strategies and communicate with their supply chains.

Addressing increasing production volumes

This is the elephant in the room. The fashion industry's increasing production levels are currently wiping out crucial environmental improvements made during the design and production phase. More pressure is being put on brands to report on their production volumes, led by organisations such as [ethical fashion lobby group] Fashion Revolution.

In the UK, the Department for Environment, Food and Rural Affairs' Maximising Resources, Minimising Waste strategy [a waste prevention plan that sets out government priorities for managing resources and waste in England, published in July 2023] is also looking to tackle the issue of overproduction, with an initial focus on the voluntary reporting of unsold and surplus stock to explore whether future mandatory reporting is required.

With legislation also being developed to ban unsold stock being sent to landfill and energy from waste in the UK and the EU in the coming years [in December 2023 the European parliament reached a provisional agreement to ban the destruction of unsold stock, while in the UK this policy is being explored as part of the Maximising Resources, Minimising Waste strategy], retailers will need to consider how they can reduce and manage volumes of surplus, unsold and returned products, including improved forecasting, nearshoring to shorten lead times for certain products, using on-demand production models and supporting customers to buy the items to fit and suit them first time round to reduce returns [that have a deep environmental footprint via shipping and processing, sometimes even being incinerated or put in landfill and adding to carbon emissions] through the use of technologies such as 3D body scanning and digital fitting room.

Brands will need to focus on how they can meet both their growth revenue targets as well as their climate commitments and make circular business models part of their portfolio, so they are accessible, straightforward and attractive to their customers, to reduce the production and sale of new products.

Over the past year we have seen brands begin to integrate circular models into their businesses, including own brand resale from retailers including Finisterre and Oliver Bonas to the launch of rental and repair offerings by partnering with specialist providers such as [clothing alteration services] Sojo and The Seam, and rental platform Hirestreet, but we need to see this accelerate in 2024.

To be successful, customers will need to be at the heart of any new initiatives. WRAP's research [Citizen Insights: Clothing Longevity and Circular Business Models Receptivity in the UK, October 2022] has also shown there are approximately 1.6 billion unworn items in UK wardrobes and that there is clear mainstream market potential for pre-loved, repair and rental – but brands need to consider which models are right for their business and customers, as one size won't fit all and building the right partnership will be the secret to success. The Textiles 2030 Circular Business Models Guide for Fashion can support brands on this journey.

Closing the loop on materials

More than one million tonnes of used textiles are generated annually in the UK [WRAP's Textiles Market Situation report 2019]. WRAP estimates suggest that a third of these are non-rewearable textiles (NRT), which are currently being lost to landfill/incineration or are being exported, to be sorted in lower cost labour regions [for example in Ghana, where 15 million used garments arrive every week]. As demands for recycled content increases and pressures from EPR schemes around Europe put the responsibility on retailers to manage the waste created by the industry, we will need to see urgent financial support from governments, retailers and investors to allow the reuse and recycling sector to scale and innovate.

Projects to watch in this space for 2024 include the UK Research and Innovation-funded Automatic-sorting for Circular Textiles Demonstrator [a £4m project to develop and pilot a pioneering fully-integrated, automated sorting and pre-processing demonstrator for post-consumer waste textiles, which could divert thousands of tonnes from landfill each year], which aims to build on approaches currently coming to market in countries such as the Netherlands, Spain and Sweden to create a world-class blueprint for sorting facilities that integrates the latest technologies to sort NRT's for fibre-to-fibre recycling.

Additionally, Project Re:claim, a joint venture between Salvation Army Trading Company Ltd and corporate wear specialists Project Plan B, which has unveiled plans for a world-first commercial-scale polyester recycling system.

In 2024, WRAP also wants to see more brands and retailers establishing partnerships and offtake agreements with recyclers to attract the investment needed to scale these technologies. The most recent example of this is Zara's partnership with recycler Circ [US-based Circ separates synthetic fibres from cellulosic content in textile waste, recovering most of the raw materials so it can be remade into high-quality fibre].

Addressing the industry's water footprint

Until now, the industry's main environmental focus has been the goals of the Paris Agreement and Net Zero. However, the Textiles 2030's Progress Report has highlighted that the industry's water footprint is rapidly moving in the wrong direction.

This is mainly driven by cotton use and increasing production volumes, and although nearly three quarters of cotton (71%) used by signatories of the agreement now come from improved sources, this will not be enough to significantly reduce the water impact of the industry.

The industry must collaborate to identify and stimulate the market for more sustainable and less water intensive alternatives to conventional cotton, such as organic, regenerative and recycled cottons, and recycled and next-gen manmade cellulosic fibres to scale, while ensuring a just transition for cotton farmers.

Collaborative action is the key

Finally, to tackle many of the complexed issues highlighted and system change required, collaboration and partnerships will be key to accelerating the action we need to see over the next year. Through initiatives such as Textiles 2030, WRAP aims to unite all of the organisations across the textiles value chain and move the industry towards a more sustainable future.

Source: drapersonline.com– Jan 01, 2024

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Turkey Raises Minimum Wage, But Is It Enough?

Turkey will raise its minimum wage by 49 percent in the new year, a single adjustment that economists say could further fan the flames of inflation even as it attempts to cool off the country's cost-of-living crisis amid a depreciating lira.

"We fulfilled our promise not to allow our workers to be crushed by inflation," Labor Minister Vedat Isikhan said in a televised news conference in Ankara of the new monthly floor of 17,002 lira ($577) on Wednesday.

But while the upgrade could ease the pressure of consumer price increases that are anticipated to blow past 70 percent ahead of elections at the end of March, Goldman Sachs Group Inc. and Morgan Stanley had previously suggested that any bump above 40-50 percent could force the central bank to further rein in its monetary policy

"A two-step increase in the minimum wage would have been better both for employees and employers and would not cause a sudden spike in inflation," Berke Icten, the head of Turkey's Shoes Manufacturers Association, told Reuters. "Prices will increase by at least 25-30 percent. This will be reflected in retail prices."

Ergun Atalay, president of the Confederation of Turkish Trade Unions, which participated in the negotiations with the government on behalf of workers, said that he had asked for 18,000 lira ($611) and two wage negotiations next year. "Dear minister, I say again, we do not agree with this figure," he told Isikhan. "We will submit a dissenting opinion, be aware."

The central bank, writing in the minutes of its monetary policy committee meeting last week, said that monthly inflation would go up in January, in part due to the increase in the minimum wage, though it expected a slowdown in February and beyond. In November, inflation stood at 62 percent year on year.

But whether the minimum wage boost will translate into more cash in hand for workers remains to be seen. Although the Clean Clothes Campaign Turkey pegged a living wage at 13,000 lira ($442) in 2022, the same study found that only one in three garment workers receives the legal minimum wage, overtime included, because of spotty regulatory oversight, not to mention a sizeable informal sector that is largely underpinned by migrant labor.

"Due to hyperinflation, garment workers in Turkey are confronted with the insoluble problem of sustaining their families," Bego Demir, coordinator at Clean Clothes Campaign Turkey, said at the time. "The state gives incentives to employers, but it doesn't control the implementation of labor law in the sector."

Turkey dispatched $10.4 billion in textiles and $21.2 billion in clothing in 2022, making it the world's fifth and sixth biggest exporter of those commodities, respectively.

While the country saw an economic boost during the pandemic, when supply chain bottlenecks in Asia made it a favored nearshore destination for American and European markets, a combination of falling freight costs and soaring domestic inflation has cut into its competitiveness. An October presidential decree that marked up customs duty rates on textile raw materials and final products, increasing rates for certain goods by 30-167 percent, is another pain point for suppliers already seeing rivals such as Bangladesh and Vietnam siphon their market share.
In November, Seref Fayat, chairman of Turkey's TOBB Clothing and the Apparel Industry Assembly, told Reuters that a Turkish-made T-shirt now costs 40 percent more for a European shopper than one from Bangladesh, compared with 15-20 percent a couple of years ago.

"Fashion brands can bear higher prices up to 20 percent, but anything more leads to market losses," Fayat said, adding that the textile and apparel sector has slashed 170,000 jobs so far this year because of a drop-off in production.

Bangladesh and Vietnam are seeing higher minimum wages in 2024, with the first experiencing a 56 percent jump from 8,000 to 12,500 Bangladeshi taka ($73 to $113) and the second getting a modest 6 percent uptick from between 3.25 million-4.68 million dong ($134-$193) to 3.45 million-4.96 million dong ($143-$205).

Source: sourcingjournal.com– Dec 31, 2023

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Bangladesh: How recycling RMG waste can cut 15% in cotton imports – and earn billions

Bangladesh could trim its cotton imports by a substantial 15% through efficient recycling of garment waste, a move that has the potential to save several hundred million dollars annually, say industry insiders.

The advantages of such recycling extend beyond mere cost-cutting. If provided with the requisite policy support for local value addition, exports from garments made from recycled textile waste can earn an additional annual revenue of $4 billion to $5 billion, according to exporters in the industry.

Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon said the country produces a huge amount of garments waste during pre- and post-production stages.

"If we can transform it into recycled materials, it will contribute to a 15% reduction in cotton imports," he told The Business Standard.

According to the BTMA, the country imported over 18 lakh tonnes of cotton worth over Tk47,869 crore in 2022. The amount of imports in the first 11 months of the current year is 12.27 lakh tonnes worth Tk32,408 crore.

If garment waste were recycled reducing cotton imports, Bangladesh would have realised a staggering savings of Tk7,180 crore (almost $700 million) in 2022 alone and Tk4,861 crore in the first 11 months of this year.

Detailing the specifics, garment-exporting factories generate a substantial 4-5 lakh tonnes of waste, commonly known as "jhut". This waste primarily consists of cutting remnants, scraps, and fluffs. A mere 5% of this waste is currently recycled to create exportable items. Meanwhile, 30%-35% is repurposed to craft clothing for the domestic market, and the remaining portion is exported.

Shahidullah Azim, vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said, "The industry could potentially export an additional $5 to $6 billion worth of garments by locally recycling around 4 lakh tonnes of garment waste."

At present, the country generates a mere $300 million to $400 million from exporting a portion of garment waste, with a significant amount ending up in landfills or being burned, posing environmental hazards, Shahidullah Azim noted.

He added that recycled yarn, being a process that does not require water or chemicals, is more environmentally friendly than other yarn options.

Policy supports that exporters want

Exporters pointed out that the garment recycling industry faces some major challenges related to financing and taxation.

BTMA President Mohammad Ali Khokon said the main challenge is the imposition of a 22% VAT. "In the procurement of garment waste, there is a 7% VAT, and during sales of recycled yarn, a 15% VAT is applied," he said.

BGMEA President Faruque Hassan said the government should offer policy and tax support to encourage recycling.

"When these wastes go to the landfill or into the drains, the government does not get anything. But when we add value and transform a Tk10 waste into a Tk500 product, there is VAT. We have communicated this to the NBR several times, but no action has been taken," he said.

Faruque Hassan said the BGMEA and its member factories are actively engaged in waste recycling efforts to reduce dependence on the 98% of imported cotton meeting current demand.

To address issues in garment waste collection, he said the BGMEA is considering the establishment of waste collection centres.

BGMEA Vice President Shahidullah Azim said most garment waste recycling technology companies are European as high investment is required in this sector which is a major challenge.

He called on the government to offer low-cost financial support to the garment recycling industry through a circular financing scheme. Additionally, he noted that if buyers or donor agencies provide financial support, the apparel industry would be better positioned to realise its full potential.

"If the government allows entrepreneurs to import post-consumer apparel wastage, it will encourage them to invest further in this sector," said Square Textiles Director (operations) Taslimul Hoque.

Click here for more details

Source: tbsnews.net– Dec 30, 2023

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Vietnam's trade with Europe, Americas to fall 9.5% YoY in 2023: Govt

Vietnam’s total trade with European and American markets is projected to fall by 9.5 per cent year on year (YoY) to around $208 billion this year, but the country still enjoys a trade surplus of $125 billion.

The country’s trade surplus figures with European and American nations are estimated to reach around $33 billion and $92 billion respectively, according to the ministry of industry and trade’s European-American market department.

Vietnam exported goods worth $166 billion (down by 9.6 per cent YoY) to Europe and America this year, and imported products worth nearly $41 billion (9.1 per cent) from these markets.

Its export turnover to some key markets have fallen sharply: the United States ($96.9 billion, down by 12.4 per cent), and the European Union ($43.7 billion, down by 6.7 per cent).

Increases, however, were recorded in some markets, including the United Kingdom and countries in the Eurasian Economic Union (EAEU) and the Southern Common Market (Mercosur), a domestic news outlet reported.

Market demand in the world in general, and Europe and America in particular, are gradually recovering as inflation has seen a downward trend from 2023 end.

Source: fibre2fashion.com– Jan 01, 2024

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Bangladesh: Investment dried up in textile and garment in 2023

The textile and garment sector witnessed a very dry investment season in 2023 as demand for clothing items fell globally while an energy crisis on the domestic front led to higher costs of production.

Moreover, higher costs of production due to increased prices of raw materials, transport cost, the volatile exchange rate of the local currency against the US dollar, and the government's restriction on imports in order to save US dollars were other reasons for the slowdown in investment in the sector.

The year 2023 was one of the toughest for global textile and garment industries as the major consumer markets like Europe and the USA reduced import of clothing items substantially due to historic inflationary pressure.

For instance, the USA's overall garment imports declined by 22.71 percent in January-October of 2023 to $67.26 billion.

The lower demand from the major consumer markets also affected investment in the domestic market.

The US saw garment imports from Bangladesh decline by 24.75 percent to $6.35 billion in the January-October period of 2023, according to data from the Office of Textiles and Apparel (OTEXA) of the US government.

Meanwhile, garment shipments from Bangladesh to the European Union (EU) grew by merely 2.28 percent in January-November of 2023 compared to the corresponding period of 2022.

In January-November of the outgoing year, garment shipments from Bangladesh grew an unusually low rate of 4.35 percent year-on-year to $42.83 billion.

In 2022, the global export market for garment items was worth $576 billion, shrinking from more than $700 billion. The export of garment items globally was even lower than $576 billion in 2023.

The worst-hit sector was Bangladesh's primary textile sector, worth nearly $25 billion, as it witnessed almost zero investment in 2023, with no new units being established.

Even in 2022, the year Russia launched its invasion of Ukraine, 14 new units were established in the primary textile sector at an investment of Tk 4,148.14 crore, mainly in non-cotton fibre production, according to data from the Bangladesh Textile Mills Association (BTMA).

In 2023, only one unit of a spinning mill in Narsingdi reported that they would invest Tk 700 crore to to produce cotton and man-made fibre, but that factory will be set up this year, said Monsoor Ahmed, chief executive officer of the BTMA.

Ahmed also said the import of four core raw materials for the primary textile sector, including capital machinery, fabrics, yarn and cotton, declined by 28 percent on average in 2023 compared to 2022 because of low investment inflow in the sector.

Very few textile millers expanded their capacity despite it being very much required, the BTMA CEO added.

A similar slowdown in investment was also seen in the garment sector, worth more than $30 billion, in the past year.

In 2023, 134 new garment units came into operation compared to 182 in 2022, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The main reason for lower investment in that sector was because of a slowing in the inflow of work orders from international clothing retailers and brands alongside other causes like the volatile dollar market, low prices from the buyers, rising costs of production, and low pressure of gas and electricity in factories, said BGMEA President Faruque Hassan.

Some factory owners expanded necessary technologies as many exporters are focusing more on high valued added garment items like apparels made from man-made fibre, Hassan told The Daily Star over phone.

However, the situation is expected to improve from the second half of this year as the global economic situation is improving, evidenced by the easing of the interest rate by the US Federal Reserve and major banks in the European countries, Hassan also said.

In 2022, nearly 50 new units came into operation in the knitwear sector, but in 2023, that number was reduced to less than 10, said Mohammad Hatem, executive president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

The knitwear sector also witnessed some very required expansion which was mandatory for the exporters. Otherwise, the sector saw dry investment, he said.

He added that the low inflow of work orders and inadequate gas pressure meant industry owners could not run their factories at full capacity, with most units running at 50-60 percent capacity.

He also said the volatile dollar market was responsible for low investment inflow in the sector.

Source: thedailystar.net– Jan 02, 2024

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Bangladesh: Evolving global order & geo-economics

We know that the global arrangements are passing through an extraordinary period of political and economic turbulence. The disruptions caused by the Covid pandemic and then by the economic sanctions imposed on Russia by the West in the wake of the Russia-Ukraine war are well-known. Even before that, global tensions had been brewing with the US-initiated trade against China, with China contending to be another superpower challenging the United States (US). About the term geo-economics, it is not a commonly used term; if at all, it may be taken to refer to the economic effect of many geographical factors like the location in a region of high or low economic growth, or in respect of its climate or access to sea, and so on, the impact of each of which on economic development is well researched.

Here, I shall rather define geo-economics from quite a different angle, that is, as the economic counterpart of what is known as geo-politics. In other words, we look at how the contests in global power politics are being played out by applying economic means of trade, investment, etc. and how it affects the rest of the global economy. And, by using the term "less developed countries", I mainly refer to the numerous developing countries that are less advanced in relation to, say, the five existing BRICS (Brazil, Russia, India, China, South Africa) countries.

EVOLVING TRADE ARRANGEMENTS AND CHALLENGES IN ACCESSING TRADE PREFERENCES: In the past few decades since the mid-eighties, the trade negotiations under the World Trade Organization (WTO) were aimed at promoting economic globalisation, which had the potential of benefitting both the developed and the developing countries. Although the distribution of those benefits is alleged to have been tilted in favour of the developed countries, the rule-based arrangements had the advantage of not requiring negotiating skills on the part of individual countries, many of which in the developing world lack such skills.

There seems to be now very little chance of further progress in WTO negotiations; rather, the evolving global order is being shaped by the power struggle between the US and China, along with the formation of many regional partnerships that are aimed at promoting economic cooperation as well as addressing many divergent political and security concerns.

The scenario has become more complicated by the recent tilt towards nationalist trade policies in the industrialised countries, especially in the US, resulting mainly from of the resentment of the alleged impact of trade openness on labour displacement within those countries. Many economists however argue that the blame should be put on the lack of appropriate compensating measures within the domestic economies of those countries, and not on the liberalisation of import from developing countries. It is ironical that this rise of economic nationalism is taking place in the industrialised West in spite of the fact that the trade rules negotiated under the WTO were largely in favour of the industrialised countries vis-a-vis the developing world.

The rise of economic nationalism in the US in particular is reflected in its lack of enthusiasm even for any multilateral economic agreements. In 2017, Donald Trump withdrew from the Trans-Pacific Partnership (TPP), the negotiations for which were initiated under the Obama administration in 2009 for a comprehensive trade agreement with several countries in the Asia-Pacific region with the declared objective of promoting US priorities and values. The present Biden administration is showing only lukewarm response to the proposal for a much less comprehensive Asia-Pacific trade deal called Indo-Pacific Economic Framework (IPEF). Instead, American policy in Asia is now focused on limited bilateral deals that support President Biden's industrial policy, which seeks to boost domestic manufacturing.

For example, Indonesia has initiated a trade deal with the US called "minerals for batteries" (Indonesia accounts for almost half the nickel that was mined globally last year). And the government of the Philippines is pushing for a similar agreement. Very recently, the US has moved towards closer bilateral economic relations with Vietnam in an attempt to pull it away from strong economic links with China. At the same time as America is withdrawing from multilateral deals, China is throwing its hat into the ring.

Click here for more details

Source: thefinancialexpress.com.bd– Jan 01, 2024

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NATIONAL NEWS

"India-Australia economic cooperation, trade agreement to benefit both sides" – Piyush Goyal

The India-Australia Economic Cooperation and Trade Agreement is a good example of how Prime Minister Narendra Modi's government is meticulously planning key initiatives. It was brought into effect last year after extensive consultation with all stakeholders to benefit the common man and small and medium enterprises.

The India-Australia Economic Cooperation and Trade Agreement between the two cricket-loving nations is mutually beneficial for both parties. It represents a universal vision of the hope and ambitions of a new India in our Amrita period.

It reiterates the strategic partnership between two parliamentary democracies with similar legal systems that support the rule of law. Both countries are members of the Quad, along with Japan and the United States. Both countries have joined the Tripartite Supply Chain Flexibility Initiative with Japan and the 14-member Indo-Pacific Economic Cooperation.

India's first free trade agreement with developed countries in nearly ten years has immense potential. India imports mostly raw materials and intermediate products from Australia and exports a large number of manufactured goods. As a result, the FTA reduces input costs for Indian entrepreneurs and enables their products to compete in local and international markets. This also creates great opportunities for Indian industrial companies.

Strong Growth in Exports: The India-Australia Economic Cooperation and Trade Agreement is off to a good start, data suggests. This reinforces the Modi government's belief that the agreement will help create lakhs of jobs in labour-intensive sectors.

India's exports of goods to Australia increased by 14% during April-November 2023-24, a better performance than India's trade with the rest of the world in a challenging global environment. In major developed economies, demand has slowed. While Australia's overall imports fell by 4%, its purchases from India have steadily strengthened.

India's imports from Australia fell by 19 percent, narrowing the trade deficit by 39 percent. Exports to Australia on priority basis recorded growth in employment generating sectors. Exports of engineering goods to Australia increased by 24 per cent in April-October 2023-24, a 1 per cent rise in overall exports. Exports to Australia in the ready-made garments sector increased by 27 per cent. However, overall exports suffered a decline.

Similarly, due to the agreement between the two countries, exports of electronic and plastic products have also increased over the overall exports recorded in these sectors. Apart from this, India exports about 700 new products to Australia. This includes exports worth USD 335 million, including smartphones worth USD 65 million, in the first 10 months of 2023-24.

Largest growth in foreign direct investment: Under the leadership of the Prime Minister, India is progressing towards becoming a developed country by 2047. Our trading partners recognize this strength and appreciate our focus on protecting sectors like agriculture and dairy.

From January to September this year, total foreign direct investment received from Australia increased to US$ 307.2 million. This is seven times more than the USD 42.43 million investments received in the whole of 2022. In 2022, the FDI in consulting services sector registered a huge growth from USD 0.15 million to USD 248 million at present.

Exports of information technology and business services have also increased. The momentum of the economic cooperation and trade agreement coupled with other bilateral agreements with Australia in education, audio-visual services and mobility related sectors provided the right backdrop for a robust growth of over 50 percent in business mobility and almost a hundred percent growth in post-study work visas for Indian students.

A New Approach to Trade Agreements: Like the India-Australia Economic Cooperation and Trade Agreement, an agreement with the United Arab Emirates was also signed last year. The agreement was reached after extensive consultations with various parties, including national and regional trade federations, exporters, industry groups, economists, trade experts and numerous ministries and departments.

Both free trade agreements were widely praised by industry leaders. PM Modi is very clear that every policy and agreement should be in the interest of the country. In this spirit we have signed trade agreements with Mauritius, Australia and UAE. This will result in competitiveness, creation of new markets, transparency and mutual benefit in our businesses.

Such free trade agreements expand trade and businesses, promote economic growth, and create employment and trade opportunities.

Source: morningexpress.in – Jan 01, 2024

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Can India's textile sector pivot to comply with global ESG norms?

The textile and apparel sector in Tamil Nadu contributes more than 50% of installed renewable energy capacity in the State; nearly 300 textile processing units in Tiruppur are connected to common effluent treatment plants with zero liquid discharge; in Panipat, Haryana, open-end spinners use only recycled fibre; and India recycles almost 90% of its used PET bottles into fibre.

These are among some sustainable practices that India's textile and clothing sector has invested in over the past two decades.

Now, as the European Union (EU's) moves towards implementing its environmental, social, and governance (ESG) goals and the European Green Deal takes effect in 2026, several global brands are insisting on sustainable production and supply chains.

There is palpable concern in India's textile sector, dominated by small businesses - the Micro, Small and Medium Enterprises (MSMEs), about the impact new rules like EU's Carbon Border Adjustment Mechanism (CBAM) would have, aside from complying with the ESG standards. But there is also recognition that this might well be the moment to attempt a paradigm shift in sourcing, production, pricing and supply processes, to cement the sector's position as a top global supplier.

'ESG a significant disruptor'

Acknowledging ESG demands of overseas buyers as "significant disruptors", Tamanna Chatuurvedi, deputy secretary general, Apparel Export Promotion Council (AEPC), says it is a "do or die situation" for India's textile and apparel sector.

She says exporters can leverage benefits of India's potential free-trade agreement with the EU only if they invest in sustainability. Ms. Chatuurvedi adds this also requires considerable documentation of various sustainable and inclusive social practices the sector has already achieved.

Indeed, some of it, like the social indicator of employing rural women in large numbers, have helped the industry.

While major garment exporters have begun releasing annual sustainability reports, clusters like Tiruppur are showcasing their collective green footprints. At Heimtexil in Frankfurt next month, exporters from Karur will showcase carbon credit data and sustainable home textile products and the AEPC plans curated shows of sustainable garments.

Representatives of global clothing brands have already begun visiting garment and fast fashion clusters, to deliberate on ESG compliances.

A leading garment exporter in Coimbatore said ESG norms compliance is mandatory "to just continue to be a supplier."

India exports 16% of its cotton textiles to the EU, 40% of its synthetic fabric and about a third - 28% of the country's total apparel exports are to European countries.

The Ministry of Textiles has formed an ESG task force and is considering supportive interventions for the industry; industrial associations are joining hands with organisations that will enable exporters to put systems in place, document the measures taken, and get the required certifications; the Cotton Textiles Export Promotion Council (Texprocil) is promoting Indian cotton brand Kasturi that comes with traceability; and some of the financial institutions are reaching out to MSMEs to fund green and sustainable projects.

Despite these positive strides, significant hurdles remain for the sector to meet various mandates as almost 90% of garment exporters are MSMEs, and 50%-60% of cotton and synthetic exporters as well. And, these compliances and documentation come with additional costs, thinning the units' margins.

Moreover, individual European countries are coming out with their own codes.

Rakesh Mehra, Chairman, Confederation of Indian Textile Industry (CITI), pointed to challenges relating to complying with supply chain sustainability norms. "Orders will go to those who are compliant. But, big companies may not manufacture products that smaller ones do," he said. Even among different parameters that constitute ESG, challenges remain.

SK Sundararaman, chairman of Southern India Mills' Association, points out that labour issues vary in each textile/garment producing State. "ESG talks about 'living wages'. It will be different in each State, leading to difference in labour costs," he says.

Another example is the use of recycled fibres. Tiruppur is already seeing imports of hosiery waste from Bangladesh as demand increases for recycled fibre. But the quality of regenerated cotton is not on a par with fresh cotton and so it can only be blended in specific quantities, say garment producers.

Unsupportive global buyers

According to P. Gopalakrishnan, chairman of Handloom Export Promotion Council, overseas buyers are helping the suppliers with inputs to meet mandates and currently, they are insisting on norms only with tier-one suppliers. But he says, norm compliance increases the product price significantly, and buyers are not supportive.

While manufacturers, irrespective of the size of the company, in the supply chain must invest to meet ESG norms, only some global brands are ready to pay a higher price for these products, say fast fashion exporters.

The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) is advocating exemption for MSMEs from ESG norms in the proposed FTA with the EU. The EU has exempted its own MSMEs from ESG norms and the Indian government must ask for a similar treatment for India's textiles producers, they say. The Tiruppur Exporters Association is seeking incentives for sustainability efforts. It is also asking for a separate Harmonised System codes for export of sustainable products.

There are other concerns, like the increasing use of recycled or regenerated meterial across the production process, but domestic consumers are not made aware of such developments. Retailers do not sell them in the local market as sustainable products, reducing a premium price from domestic consumers.

Sanjay Jain, Managing Director of TT Limited and former chairman of CITI, says his company recently came manufactured garments with 100% recycled fibres for domestic consumers, but received no premium for such products. Yet, with global emphasis on sustainability, use of recycled fibres will increase by 7% -10% of total fibres consumed in India in the next 10 years, he reckons.

Bhadresh M. Dodhia, chairman of SRTEPC, and Mr. Jain called for mandates for domestic retailers too to sell at least a percentage of sustainable products to signal India's commitment to ESG norms.

Exporters say another fall out of the ESG norms implementation would be reduction in the fashion seasons. Some brands have more than 10 fashion seasons in a year and this is likely to reduce with emphasis on circularity and reuse.

"A lot (of the norms) is driven by retailers and brands. They are also seeing the price viability. But, low prices should not be confused with low ethics or transparency. Norms are about increasing the life cycle of products and raw materials", said the ESG head of a global sourcing company not wishing to be named.

Exporters also apprehend the possible linking of ESG norms to trade negotiations. "The world is moving towards recycling. However, when policies related to social and environment are linked to trade policies, the could possibly become barriers," said Siddhartha Rajagopal, Executive Director of Texprocil.

Source: thehindu.com – Dec 31, 2023

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How two choke points could turn into a perfect storm for global trade

Shipping giant Maersk on Sunday suspended passage of its vessels though the Red Sea route for 48 hours after fresh attacks by Yemen-based Houthi rebels. This comes barely a week after the company announced plans to resume operation citing the deployment of a US-led military operation to guard the crucial sea route.

Earlier, the rebels had attacked one ship on its way to India roughly 370 km off the coast of Gujarat. The Houthi rebels are protesting Israel's military offensive in Gaza by choking a crucial shipping route. While the US-led maritime security coalition had swiftly announced countermeasures, indicating the importance of the route for world trade, the recent shipping crisis in the Red Sea is not the only pain point for global trade.

Two crucial choke points – the Suez Canal and the Panama Canal – threaten to disrupt over a third of global trade. This comes in the backdrop of already slowing demand in the West and a property crisis in China that led the World Trade Organization (WTO) to lower its goods trade forecast by as much as 50 per cent.

Here is why global goods trade could be in for a rocky start to 2024.

What do the ongoing Red Sea and Panama Canal crises mean for world trade?

A disruption in maritime transport is a crucial concern for the world economy, as over 80 per cent of the global goods trade is carried by sea. The share of trade via sea is much higher for developing countries such as India.

Currently, two important shipping routes are facing blockages. While the Bab-el-Mandeb Strait that leads to the Suez Canal in the Red Sea region connects Asia and parts of North East and East Africa to Europe, the 100-year-old Panama Canal connects the Atlantic and Pacific Oceans. Both these routes are among the busiest in the world and a blockage results in forcing global shipping lines to take longer alternate routes, pushing up freight rates.

The disruption at the Red Sea route, for instance, is estimated to push the prices of Indian agricultural products by 10 to 20 per cent, as shipments would be routed around Africa via the Cape of Good Hope.

This comes at a time when much of the West is witnessing higher interest rates to curb inflation. Higher prices could further fuel demand concerns for global and Indian exporters.

Why is trade via the Panama Canal slowing?

Shipping via the Panama Canal has dropped by over 50 per cent due to drought conditions at the 51-mile stretch. Due to the shortage of water, ships moving from Asia to the US are being forced to use the Suez Canal, which takes six more days compared to the Panama Canal. Moreover, Panama is facing its driest rainy season in decades, raising fears of prolonged canal bottlenecks. According to S&P Global, rather than taking longer voyages through alternative routes, LNG vessels are participating in pricey auctions to expedite their transit through the Panama Canal.

One vessel paid nearly $4 million for an open slot in an auction in early November. The number of Very Large Gas Carriers transiting the Panama Canal is projected to almost halve by February 2024, and there are concerns that those transits will reduce to zero come January, S&P Global further said.

Why are Russian oil flows to India considered immune to attack in the Red Sea?

With global shipping majors such as Maersk avoiding transit through the Red Sea, global oil and petroleum product flows through the maritime channel have declined by over 50 per cent in December from their regular levels.

However, India has so far not faced a disruption in its Russian oil imports.

Russia is perceived as Iran’s ally and as the Houthi rebels are widely believed to be backed by Tehran, its tankers have been passing through.

While the price of benchmark Brent crude had jumped to $80-per-barrel mark due to the attacks, it has corrected to around $77..

In a recent report, Goldman Sachs said that it does not expect the disruptions in the Red Sea to significantly impact international oil prices as global oil production is unlikely to be directly affected.

How have the attacks impacted freight rates?

Ever since the attacks along the Bab-el-Mandeb Strait began, global shipping firms have begun imposing war risk surcharges over and above the normal freight rates. Indian exporters said that freight rates for Indian shipments headed to Europe and Africa could surge as much as 25-30 per cent if the ongoing security concern along the Red Sea trade route continues.

This is troubling, as the European Union is one of India's second-largest export destinations. Slowing demand from the region has impacted India's labour-intensive sectors, such as textiles, gems and jewellery exports.

Shipping giant Maersk last week said it is preparing to resume shipping operations in the Red Sea after the US-led coalition was deployed in the area to address security concerns. However, the company was forced to announce fresh suspensions on December 31st, indicating a possibility of more such disruption in the Red Sea trade route.

Source: indianexpress.com– Jan 01, 2024

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Commerce Ministry seeks exporters' inputs on reducing compliance burden

Changes can be made to the Foreign Trade Policy 2023 based on inputs as amending the policy is now a continuous process and not an annual one

The Commerce and Industry Ministry has asked export promotion councils and other industry bodies to give specific inputs on measures to reduce regulatory compliances and streamline processes further and also share recommendations on decriminalisation, sources have said.

This is in line with the government's stated policy of improving ease of doing business and working continuously to reduce compliance burden for a conducive business environment, a source tracking the matter told businessline.

"Inputs have been sought from export bodies on matters related to the Directorate General of Foreign Trade, Customs authorities, the RBI, the CBIC (Central Board of Indirect Taxes and Customs) and on the GST regime, sources tracking the matter told businessline.

Once the government receives inputs and processes them, the policies and the procedures will be modified accordingly, the source added.

"We are giving our suggestions on what processes can be further simplified. We are identifying areas where you can go for self-certification and where you can go for lesser documentation," an official from an exporters' body said.

Changes can also be made to the Foreign Trade Policy 2023 based on inputs as amending the policy is now a continuous process and not an annual one.

Key focus

The key focus of the government's drive is simplification of procedures related to applications, renewals, inspections, filing records, etc; rationalisation by repealing, amending or subsuming redundant laws; digitisation by creating online interfaces eliminating manual forms and records; and decriminalisation of minor technical or procedural defaults, Minister of State for Commerce Som Prakash recently said in a Parliament reply.

DPIIT, the industry arm of the Commerce and Industry Ministry, started an exercise some time back to assess the cost of regulations in states to provide insight into reforms that can be carried out to improve the business climate. A number of obsolete provisions have already been removed or simplified by DPIIT.

“Exporter bodies and other industry players have also been asked to give inputs for decriminalisation of provisions to be incorporated in the second edition of the Jan Vishwas Bill that the government is working on,” the official said.

The Jan Vishwas (Amendment of Provisions) Bill, 2023 was passed in the Lok Sabha on June 27 and in the Rajya Sabha on August 2. The Bill sought to decriminalise about 180 minor offences in 42 legislations including some colonial era laws.

Source: thehindubusinessline.com– Jan 01, 2024

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High tariffs among reasons behind weak exports, says GTRI

The reasons behind India's weaker export performance include higher tariffs in India and lower tariffs in its FTA partner countries, think tank Global Trade Research Initiative (GTRI) said in a report on Monday.

"Many Indian firms choose not to use the FTA route when import duties are low, as FTA-related compliance costs do not justify the tariff benefits. For instance, in the case of India's FTA partners, many imports occur at zero or low Most Favored Nation (MFN) duties," the report said.

Conversely, India has higher import duties, so eliminating these duties under FTAs gives a price advantage to products from FTA partner countries, GTRI said.

The tariff discrepancy was among the factors why India's three key Free Trade Agreements (FTAs) with ASEAN, South Korea, and Japan were not successful as per the think tank which resulted in India's merchandise trade deficit with these partners increased significantly more than its global trade deficit.

"Specifically, the deficits grew by 302.9% with ASEAN, 164.1% with South Korea, and 138.2% with Japan, compared to a 81.2% increase in the global deficit. This comparison is based on data from the pre-FTA period (2007-09) and recent trade data (2020-22)," the report stated.

Second, India's exports to these FTA partners have increased at a lower rate than its imports. For instance, with ASEAN, exports grew by 123.9% and imports by 175.7%; with Japan, exports grew by 56.4% and imports by 98.5%; and with South Korea, exports increased by 89.1% and imports by 127.3%, it said.

Source: indianexpress.com– Jan 02, 2024

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Revamp of cotton farming to help boost production in India

In a move aimed at arresting the declining cotton production in India, the Union government plans to promote the shift of cotton cultivation from disease-infested fields to disease-free cultivatable and irrigated areas within Haryana, Rajasthan, Punjab, Maharashtra, and Telangana, according to two officials.

Shifting of cultivation means farmers in identified disease-free districts will be encouraged to change from conventional crops to cotton and those in infected areas would be motivated to shift to other crops.

The plan could double cotton production to 30 quintal per acre. This comes in the backdrop of cotton area, production and productivity registering a declining cotton production trend of 31.6 million bales in 2023-24 from 33.6 million bales in 2022-23.

In recent years, there has been a sharp decline in ‘white gold’ production, as per textile ministry data. Annual production in 2017-18 was 37 million bales (170 kg each) that fell to 33.3 million bales next year. After growth in 2019-20 (36.5 million bales), it slipped to 35.2 million bales in 2020-21 and 31.1 million in 2021-22.

The Indian Council of Agricultural Research (ICAR), the research arm of the agriculture ministry, is working on a proposal to promote shifting of cotton cultivation from pink bollworm affected areas to fields which are not yet infected by insects like pink bollworm, and whitefly.

In areas where cotton has been grown for an extended time, insects like pink bollworm and whitefly form a complex that infects all cotton crops grown in those specific regions, the first official said.

“These insects significantly impact cotton production in almost every cotton-growing state. Shifting the crops will undoubtedly increase the yield," the official added.

In Haryana and Punjab, the acreage of cotton has come down drastically due to attacks by pests as production fell to 1 million bales in 2022-23 from 2.65 million bales in 2019-20.

Similarly, in Punjab, production shrank to 4.44 lakh bales (2022-23) from 9.50 lakh bales in 2019-20, as stated in the state-wise data on the website of the textile commissioner's office.

"In the case of Haryana, new areas such as Mahendragarh, Palwal, and Rewari have been identified for the shifting of crops from Sirsa, Hisar, Fatehabad, Jind, and others," the second official said.

Queries sent to ICAR, ministries of agriculture and textiles remained unanswered till press time.

"Awareness programmes have also been planned in the states of Rajasthan, Maharashtra, Telangana, Gujarat, etc., to sensitize farmers about the benefits of crop shifting," the official said.

The proposal further discusses reducing the sowing window from two months to one month and developing better-quality indigenous seeds, the officials said. Additionally, incentives for farmers shifting from conventional to newly explored areas will also be part of the plan.

"In comparison to hybrid seeds, indigenous varieties of cotton offer an assured yield and better quality. The fiber length ranges from 26-28 mm, making it suitable to meet the requirements of the domestic textile industry," the second official stressed. "This type of cotton is used for absorbent cotton and blending purposes."

However, cotton farmers desire improved infrastructure in the newly explored areas before deciding to shift to a new location. Ganesh Nanote, a cotton grower from Maharashtra's Vidarbha region, expressed, "The move is appreciable, provided we have access to skilled labor, water, electricity, and robust transportation facilities."

Source: livemint.com– Jan 02, 2024

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Skills ministry to use Gati Shakti data to chart training

India's skilling programme has onboarded the PM Gati Shakti National Master Plan portal, which is expected to help in data-driven expansion and upgrading of training centres with close monitoring.

The Ministry of Skill Development and Entrepreneurship (MSDE) has developed a gap-analyser tool that will help it do a one-on-one mapping of the skill training centres around key infrastructure projects and identify the indicative need for skilling, a senior government official told ET. Data from the Gati Shakti portal will help in doing the mapping.

"The PM Gati Shakti portal consists of different data layers of multiple ministries and by using these layers, MSDE can perform one-to-one mapping of existing skill training centres around the key infrastructure projects and identify the skill gaps," the official added.

The idea is to identify areas having large employment potential, such as industry parks and clusters or logistics parks, establishing new training centres there based on demand, and identifying and upgrading existing centres with new courses. The skills ministry is of the view that the presence of a major infrastructure in an area portrays the key economic activities of that area and its skilling needs.

The tool will help the ministry generate an availability or non-availability report for training centres under its various schemes. It will use multiple variables such as the type of a scheme, distance range and course sectors for varying needs and based on this will chart out its future expansion and upgrade strategy, the official said.

The skills ministry, set up in 2015 to spread the government's flagship Skill India Mission, is responsible for the coordination of all skill development efforts across the country and runs skill training under various schemes, primarily the Pradhan Mantri Kaushal Vikas Yojana (PMKVY).

Source: economictimes.com– Jan 01, 2024

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Panipat's textile industry witnesses export drop due to global conflicts

As the year 2023 comes to a close, here is a rundown of some important incidents witnessed by Panipat and Sonepat.

Panipat is a textile city having export volume of around Rs 15,000 crore per year. But, the year was not good for the exporters. The poor response from overseas buyers due to the ongoing Russia-Ukraine war and attack on commercial vessels on Red Sea due to the Israel-Hamas conflict has affected the industry badly. Similarly, the domestic market also witnessed a decline in demand this year.

The Commission for Air Quality Management's (CAQM) order for blanket ban on the use of diesel generators from October 1 has also panicked industrialists of Panipat and Sonepat. Farmers in Sonepat and Panipat also suffered a huge loss due to heavy rain during the wheat season.

Click here for more details

Source: tribuneindia.com– Dec 30, 2023

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India's apparel retail revenues to reach $105 billion in 2024: Statista

Revenues in India's apparel retail market are expected to surge at a CAGR of 3.58 per cent from 2024-2027 while reaching $105 billion in 2024.

The women's apparel market is expected to lead this growth with a market volume of $50 billion in 2024, while menswear and kidswear will grow to $35 billion and $20 billion worth of market volume approximately, as per Statista.

Volume in the Indian apparel market is expected to increase substantially to 38.8 billion pieces by 2027. However, in terms of per person revenues, India seems to be lagging behind the major apparel markets such as the US, China and Japan, generating approximately $72 in 2024.

India's average volume per person in the market is projected to be over 24 pieces in 2024, reflecting the diverse wardrobe needs of the Indian consumer.

Source: fashionatingworld.com– Jan 01, 2024

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