TEXPROCIL NEWS CLIPPINGS

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| Currency Watch | | | |
|---|---|---|---|
| USD | EUR | GBP | JPY |
| 83.19 | 91.16 | 105.86 | 0.58 |

## INTERNATIONAL NEWS

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# INTERNATIONAL NEWS

## What UFLPA's Latest Numbers Say About Apparel and Textiles Enforcement

U.S. authorities have detained more than 1,090 apparel, textile and footwear shipments worth more than $46 million since the Uyghur Forced Labor Prevention Act (UFLPA) went into effect in June 2022, newly released statistics from Customs and Border Protection (CBP) ending in November reveal.

Of these, some 570 shipments, worth $13 million, were subsequently denied entry into the United States, while nearly 340 of them, valued at $27 million, were released. None are currently pending.

Fashion goods, which make up 17 percent of the shipments reviewed by CBP to date, make up the second-most scrutinized category after electronics, which saw more than 2,930 shipments tarry at the ports. Industry and manufacturing are a close third, with more than 1,080 detained shipments.

Most of the freight originated from two countries. China, with more than 590 held shipments, valued at $20 million, made up almost 55 percent of the cargo inspected. Of these, 324, worth $2 million, were given the no-go.

Vietnam followed with 387 shipments worth $20 million, amounting to 35 percent of the tagged goods. Ultimately, more than 220 of the shipments, valued at $10 million—a figure five times that of rejected Chinese cargo—were barred from entering the country.

The UFLPA, which was signed into law by President Biden in December 2022, imposes a rebuttable presumption that all goods made in whole or in part in China's Xinjiang Uyghur Autonomous Region are the result of forced labor and therefore inadmissible to the United States.

Since the law was enacted, an Entity List of companies linked to the repression of Uyghurs and other Turkic minorities has grown to 30. They include businesses outside of Xinjiang that have been fingered for participating in state-sponsored labor transfer programs, which Beijing insists is part of poverty alleviation efforts but human rights experts say are a way to isolate and indoctrinate swaths of the mostly Muslim population under highly surveilled conditions. Firms trafficking in cotton, a priority category for enforcement, have also been joined by companies involved in the production of wool, cashmere and other textile products, suggesting that a wider net is being cast.

At the U.S. Fashion Industry Association's Apparel Importers Trade & Transportation Conference in New York in November, Robert Silvers, undersecretary of strategy, policy and plans at the Department of Homeland Security, called enforcement an "iterative, ongoing process."

"It's kind of like cleaning and painting a cruise ship," he said. "You keep moving onto the next part; you keep touching it up because supply chains are shifting, companies select different vendors, vendors recalibrate what they're making [and] where they're sourcing from. And we're constantly getting market intelligence, we're constantly getting new technology that we can use to do our work, and industry, likewise, is experimenting, in a very good way, with technologies also, giving it more power to make smart choices about supply chains and getting more certainty for itself.

Source: sourcingjournal.com– Jan 05, 2024

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# APAC set for robust 2024 growth amid varied economic challenges: Fitch

Asia-Pacific (APAC) region is forecast to see robust economic growth for 2024, particularly within emerging markets (EMs), according to Fitch Ratings. The agency projects real GDP expansion of 5 per cent or more in India, Indonesia, the Philippines, and Vietnam. Despite this positive outlook, the region faces challenges including slower growth in China, reduced global demand, and the impact of higher interest rates accumulated during 2022-2023. Consequently, most APAC sector outlooks for 2024 remain neutral.

In China, slower economic growth, lower interest rates, and the government's policy adjustments are expected to create additional headwinds for several sectors. A steeper decline in China's growth than currently anticipated could significantly affect issuers in various sectors and have negative credit implications region-wide, as per Fitch.

The peaking interest rate cycle is set to impact developed market (DM) banking sectors in APAC more than those in EMs. Fitch Ratings expects net interest margins (NIMs) and non-performing loan ratios in DMs to face pressure in 2024, with asset quality deterioration most notable in Australia and New Zealand. Conversely, a more rapid easing of monetary policy in the US than forecasted could enable APAC governments to reduce rates quicker, easing borrower interest burdens but intensifying pressure on banking NIMs.

Additionally, Sino-US tensions have shown recent signs of easing. However, Fitch expects these relations to remain strained, prompting companies to continue diversifying their supply chains to mitigate geopolitical risks. This shift is likely to significantly influence sector outlooks, particularly in the industrial sector.

Source: fibre2fashion.com– Jan 05, 2024

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# Supply Chain's Biggest Threat in 2024? Extreme Weather Disruption

The mass rerouting of container vessels away from the Red Sea illustrates how easily unforeseen events can upend supply chain. And the Middle East crisis is just one of many concerns that logistics executives should address in 2024.

Everstream Analytics named extreme weather patterns—and their impact on delivery times—as the top logistics disruptor to the current supply chain. The company's latest report slapped a 100 percent "risk score" on weather worries—the highest across the five major risks it identified.

According to the report, the U.S. experienced a billion-dollar weather event every four months in the 1980s, compared to every three weeks today. Domestically, logistics giants like Amazon, FedEx and UPS saw disruptions when Hurricane Idalia slammed into Florida in August.

And overseas, a months-long drought is behind the bloated backlog in the Panama Canal, where restrictions have limited traffic since the last summer.

"As we have just entered Panama's typical dry season until early-to-mid April, the historically low water levels in the Panama Canal are likely to worsen, and freight rates are likely to continue increasing in 2024," said Jena Santoro, senior manager of supply chain risk at Everstream Analytics. Everstream said shippers must leverage predictive weather forecasts and disruptions alerts when planning, and look to predictive ETAs to better forecast delivery dates.

"The other alternative is switching modes or increasing the utilization of intermodal transport," Santoro told Sourcing Journal. "Air freight has not yet seen a surge in demand or rates as a result of ocean disruptions, but is likely to see these changes the longer the ocean disruptions persist."

ESG policy pressure

In its annual Risk Report, Everstream named disruption from growing environmental regulations as the second biggest supply chain risk with a score of 92 percent.

From 1972-2019, there was a 38-fold increase in environmental laws, the report said, pressuring governments and businesses to adopt net-zero emissions and energy policies.

Production stoppages and litigation due to environmental violations are particularly strong in the U.S., where 41.7 percent of such incidents in 2023 occurred.

With protectionist policies in place, get to know your Tier 2 suppliers
With an 85 percent risk score, protectionist measures such as growing export controls and sanctions, particularly between the U.S. and China, could pose problems for the global supply chain.

This is why Everstream advises shippers to uncover potential sub-tier bottlenecks where sanctions can shut down a supply chain. This means checking for single-source suppliers at the Tier 2 level, where multiple Tier 1 suppliers depend on the same Tier 2 supplier.

"Multi-tier visibility into extended supply chain networks is even more critical now than ever before, given the era of trade tensions," Santoro told Sourcing Journal. "It has always been a difficult task for multinational companies with global, fragmented supply chains with hundreds of category suppliers and contractors, and it typically becomes more challenging which each tier."

Santoro said a 2023 Deloitte survey found that only 15 percent of chief procurement officers have visibility past Tier 1 suppliers.

Taiwan disruption would impact half of container ships

Taiwan tensions, which carried a 75 percent risk score, could include export restrictions to the country and blockades of the Taiwan Strait if China greenlights an invasion. Disruption in the Taiwan Strait would affect about half of all the world's container ships, according to Everstream.

Any expected disruptions would be less severe than the current Red Sea situation, as vessels are unlikely to be targeted directly.

"Vessels could divert around the east of Taiwan in the Philippine Sea, adding only two-to-three days to the journey," Santoro said. "Though the diversions could still cause delays and backlogs, especially in the case of the Taiwan Strait being blocked completely, it is unlikely comparable to the current Red Sea crisis where the available diversion can cost $1 million in fuel costs added to the roundtrip journey from Asia to northern Europe."

The company advises supply chain managers to be mindful that Tier 1 supplier diversification may not carry over into Tier 2 since many Tier 1 suppliers could be sourcing from the same region or supplier.

Suppliers could run out of agricultural commodities

At No. 5 with a 72 percent risk score, commodity shortages of sugar, rubber, and rice will come to a head this year due to the culmination of factors, including high input prices, farm profitability concerns, and increasing protectionism and extreme weather events.

Everstream recommends companies fix prices whenever possible while building a multinational sourcing strategy per commodity, and then monitor the market for opportunities to drive down costs throughout the year.

Source: sourcingjournal.com– Jan 05, 2024

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# 5% of bizs in UK saw global supply chain disruption in Nov 2023: ONS

Seventy-three per cent of trading businesses in the United Kingdom with 10 or more employees reported in November last year that they could procure the required raw materials, goods or services from within the country without disruption—a rise of 6 percentage points from the figure in October, a survey by the Office of National Statistics (ONS) found.

Twelve per cent were either unable to do so, or had to change suppliers or find alternative solutions, remaining broadly stable over the same period.

Five per cent of such businesses experienced global supply chain disruption in November last year, with 27 per cent of such businesses reporting a shortage of materials as the main reason for the disruption.

In mid-December last year, 85 per cent of businesses reported they were not currently using artificial intelligence (AI), while 83 per cent are not planning to adopt AI within the next three months, both broadly stable with late September 2023 data, an ONS release said.

Nine per cent businesses experienced worker shortages in Mid-December 2023, with 43 per cent of those businesses reporting they were unable to meet demands as a result, both broadly stable compared with late November 2023.

Seven per cent of UK businesses reported that employee hourly wages had increased in November last year compared with October 2023, while 81 per cent reported wages stayed the same.

Nearly four per cent of businesses were affected by industrial action in November 2023, the lowest proportion reported since this question was introduced in June 2022; of those, 32 per cent reported their workforce had to change their working location.

Source: fibre2fashion.com– Jan 05, 2024

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## Maersk Issues New Update on 'Volatile' Red Sea

Three days after a second pause on Red Sea-bound traffic, A.P. Moller-Maersk now says it will avoid the war-torn waterway "for the foreseeable future."

Maersk and container shipping rivals including Mediterranean Shipping Company (MSC), CMA CGM, Hapag-Lloyd, Cosco Shipping, Evergreen and ZIM have diverted ships from the Red Sea and its chokepoint, the Bab el-Mandeb Strait, around southern Africa's Cape of Good Hope amid repeated drone attacks from Yemen-based Houthi militants since November.

Of the major ocean freight lines, only CMA CGM and Cosco are sticking it out in the conflict-ridden region.

The diversion of ships from the Red Sea has limited container shipping traffic through Egypt's Suez Canal, a gateway for 12 percent of global trade. According to estimates from Project44, ships rerouting around the Cape of Good Hope typically take anywhere between seven and 20 days more to reach their destination.

Impacts have already been felt at European retailers like Ikea and Next, both of which expect delays due to the longer transit times. And on a macroeconomic level, freight rates have risen significantly in the wake of the Houthi attacks, with Drewry's World Container Index jumping 93 percent since Nov. 30 to $2,670 per 20-foot equivalent container unit (TEU).

By suspending voyages through the Red Sea and the neighboring Gulf of Aden, Maersk wants to bring customers "more consistency and predictability" in the wake of the delays, according to a company statement.

Maersk made its decision less than a week after one of its container ships, the Maersk Hangzhou, was attacked by the Houthis. While the ship's security team and the U.S. Navy successfully thwarted the attack and prevented injuries, uncertain conditions appeared to spook Maersk away from the region.

On Thursday, Maersk rerouted four out of five southbound ships that already passed through the Suez Canal, sending them north into the canal to circumvent Africa altogether. All five ships were poised to travel south past Yemen when the pause was announced, with one remaining near Saudi Arabia's Port of Jeddah.

"The situation is constantly evolving and remains highly volatile, and all available intelligence at hand confirms that the security risk continues to be at a significantly elevated level," Maersk said in a statement. "We understand the potential impact this will have on your logistics operations, but please rest assured that all decisions have been carefully considered and ultimately prioritize the safety of our vessels, seafarers and your cargo."

The move also suggests Maersk might doubt the abilities of Operation Prosperity Guardian (OPG), the U.S.-led multinational maritime security operation initiated in to protect ships in the area from the ongoing missile attacks.

Maersk made the call two days after the U.S., the U.K. and 10 international allies gave a final warning to the Yemeni militant group to stop the attacks, saying in a statement that it would face "consequences should they continue to threaten lives, the global economy and free flow of commerce in the region's critical waterways."

The World Shipping Council, the International Chamber of Shipping and the Baltic and International Maritime Council (BIMCO) lauded the international warning shot and condemnation in a joint statement.

"These attacks are unacceptable, illegal and directly threaten the freedom of navigation that is fundamental to global trade," the statement read. "On behalf of our members and their seafarers and customers throughout the world, the organizations thank these 12 nations for their strong commitment to defending rules-based international order and to holding malign actors accountable for unlawful seizures and attacks."

The Houthis ignored the warning, detonating an unmanned, explosives-laden drone boat Thursday in the Red Sea. The explosion detonated "within a couple of miles" of merchant ships and U.S. Navy vessels, according to Vice Admiral Brad Cooper, commander of the U.S. Naval Forces Central Command. No one was hurt, and the target of the attack is not clear.

According to the Pentagon, the drone boat incident is the 25th such attack attempted by the Iran-backed Houthi militants. The rebels say the continued attacks on commercial vessels in the region are in protest against Israel's military operations against Palestinian Islamist group Hamas in Gaza.

While Maersk isn't sailing the Suez, Hapag-Lloyd instituted a short-term workaround for shippers by introducing a shuttle service transporting Red Sea cargo via Jeddah.

The container shipping company set up the land-based service to connect cargo in the Red Sea market with Europe, North America and Latin America while avoiding the waterway itself. The route will originate in Jeddah and will stop at Damietta, Egypt and Tangier, Morocco. Hapag-Lloyd plans to maintain a 10-day frequency for this service.

A feeder service has also been arranged so that cargo headed to Aqaba, Jordan and Port Sudan, Sudan will be routed via Jeddah.

"We understand that this doesn't cover all Red Sea cargo, so we will continue to provide updates as we come up with more solutions," the shipping line noted.

Source: sourcingjournal.com– Jan 05, 2024

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# Orderly transition to net zero by 2050 may boost global GDP by 7%: IMF

An orderly transition to net zero by 2050 may boost global gross domestic product (GDP) by 7 per cent compared to current policies, according to the International Monetary Fund's (IMF) statistics department, which recently posted on X (formerly Twitter) its insights into the complex economic landscape of 2023 through five key charts.

Transitioning to a lower-carbon future not only aligns with environmental goals, but also presents significant economic benefits, IMF's climate change indicators dashboard revealed.

The year 2023, anticipated as the warmest year on record, underscored the urgency for climate action, it noted.

Though a low-carbon economy may lead to challenges, these can be mitigated by reinvesting carbon revenues and lowering employment taxes. Reducing emissions contributes to minimising the physical impacts of climate change, resulting in lower macroeconomic costs.

The worst drought in the Panama Canal's history led to critical lows in water levels, reducing flows through the canal by 5 per cent as of October 13 last year, and leading to extended transit times for ships. Its ripple-effects hit ports in Asia, Europe and North America. Further disruptions and delays are anticipated this year as well.

The IMF's quarterly tracking of global greenhouse gas (GHG) emissions hinted at a potential annual decline in emissions by the end of 2023. This positive shift, with emissions not outpacing GDP growth since 2019, marks progress in improving global emissions intensities, though the journey to achieve the required 28 per cent reduction by 2030 remains significant.

The share of US merchandise goods imports from China declined to 14.3 per cent in August last year, with China falling behind the euro area and Mexico as the largest source of US imports. Imports from emerging and developing Asia, including Vietnam and India, rose to 12 per cent.

China also sourced a higher share of goods from emerging and developing Asia, while the share of its imports from advanced economies declined.

Non-traditional reserve currencies' share in global reserve assets rose to 11 per cent in the third quarter last year.

The share of traditional reserve currencies (US dollar, euro, British pound, Japanese yen) declined to 89 per cent. The rise in global trade using non-traditional currencies further propelled this shift.

Source: fibre2fashion.com– Jan 06, 2024

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# Turkish exports rise 5.2% YoY, imports drop 5.7% YoY in Nov 2023

Turkish exports were worth $22.999 billion in November last year with a 5.2 per cent increase year on year (YoY), while imports were worth $28.916 billion—a 5.7 per cent decrease YoY, according to provisional data by the Turkish Statistical Institute and the ministry of trade.

Between January and November last year, exports from the country were worth $232.81 billion, with a 0.7 per cent YoY increase. Imports during the period were worth $332 billion—a 0.5 per cent increase YoY.

Foreign trade volume in November was $42.423 billion—a 4.1 per cent YoY increase, while foreign trade deficit was $5.918 billion—a 32.6 per cent YoY decrease

In the January-November period last year, foreign trade deficit was $99.926 billion—a 0.1 per cent increase YoY.

In November last year, the main partner country for exports was Germany, followed by the United Arab Emirates, Iraq, the United States and Italy. The ratio of these countries in total exports was 29.4 per cent during the month.

The top country for Turkiye's imports during the month was China, followed by Russia, Germany, UAE and the United States. The ratio of these in total imports was 42.2 per cent during the month.

Source: fibre2fashion.com– Jan 05, 2024

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# Global denim fabric trade sees unexpected twists in 2023, what's next in 2024?

The insatiable appetite for denim took a surprising turn in 2023, as the global denim fabric trade wove a new narrative on the export and import scene. Some countries emerged as trendsetters, sporting vibrant threads of growth, while others faced a re-adjustment in their textile tapestry. Let's unravel the intricacies of this captivating story, revealing the winners and contenders who reshaped the denim landscape. We'll then peek into the looming threads of 2024, anticipating where the next twists and turns might lead.

Exporting Winners:

• India: The undisputed denim king held his crown tight, weaving a 10% export surge. Skilled workers, sustainable yarns, and smart deals kept the looms humming. 2024 Outlook: Watch India maintain its lead with a focus on ethical practices and innovative fabrics.

• Turkey: Making a powerful comeback, Turkey saw a dazzling 8% rise. Government initiatives and high-tech weaving revitalized the industry. 2024 Outlook: Expect Turkish threads to add even more sophistication with a focus on performance and eco-friendly options.

• Egypt: The surprise contender! Egypt's 7% jump was fueled by competitive prices, eco-conscious practices, and European partnerships. 2024 Outlook: Look for Egypt to continue its ascent by offering sustainable choices at attractive prices.

Exporting Losers

• China: The long-reigning king lost some shine, facing a 4% decline. Rising costs and Southeast Asian competition unraveled China's dominance. 2024 Outlook: China may focus on domestic production and homegrown brands, impacting exports.

• Pakistan: Facing economic headwinds, Pakistan's exports dipped by 5%. Inflation and supply chain disruptions dampened the industry. 2024 Outlook: Expect Pakistan to work on strengthening its hold by improving stability and competitiveness.

• Mexico: Despite its US proximity, Mexico's exports shrunk by 6%. Domestic market saturation and increased competition chipped away at its share. 2024 Outlook: Mexico may need to explore new markets and diversify its offerings to regain its export momentum.

Import Winners

• Bangladesh: The denim-hungry Bangladesh remained the import king, with a steady 5% rise. A thriving garment industry and diverse sourcing kept the engines running. 2024 Outlook: Expect Bangladesh to continue its import spree, embracing sustainable blends and unique denim fabrics.

• Vietnam: Seeking innovation and quality, Vietnam's imports jumped 7%. High-performance fabrics and strategic partnerships fueled this increase. 2024 Outlook: Look for Vietnam to stay on the cutting edge by embracing the latest denim trends and technologies.

• European Union: Europe's fashion capitals maintained their allure, with EU imports increasing by 4%. Functional yet stylish fabrics and European partnerships boosted their game. 2024 Outlook: Expect the EU to continue its focus on comfort and international flair, potentially exploring collaborations with new denim hubs.

Import Losers

• China: Domestic production and a focus on homegrown brands led to a 3% decline in Chinese denim fabric imports. 2024 Outlook: Chinese brands may continue to rely on local fabrics, impacting foreign imports.

• Brazil: Facing economic woes, Brazil's imports shrunk by 4%. Currency fluctuations and rising domestic costs made foreign fabrics less attractive. 2024 Outlook: Brazil may turn to locally-sourced denim alternatives unless economic stability improves.

• Russia: Geopolitical tensions and sanctions caused a 7% import plunge. Diversification towards alternative suppliers is underway. 2024 Outlook:

Russia's denim scene may see a shift towards practical and durable fabrics from new sourcing partners.

The Change Drivers

Sustainability, ethical practices, and innovation are the new currency in the global denim trade. Evolving fashion trends, trade dynamics, and online shopping will continue to reshape the landscape.

2024 Outlook: Expect the denim dance to continue with even more surprises. Watch for emerging players, collaborations between unlikely partners, and a continued focus on eco-friendly and ethical practices. The future of denim promises to be as vibrant and intricate as the threads themselves!

Source: fashionatingworld.com– Jan 05, 2024

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# Cambodia attracts FDI worth $4.92 bn in 2023, up 22% YoY

The Council for the Development of Cambodia (CDC) recently said the country attracted fixed-asset investment of $4.92 billion from abroad last year—a rise of 22 per cent from $4.03 billion a year earlier.

Two-hundred and sixty-eight investment projects were approved by CDC last year that have the potential to create more than 3 lakh jobs, it said in a release.

China, Singapore and Malaysia were the top three foreign investors, with investment from China accounting for 66 per cent of the total investment.

The country's commerce ministry attributes the rise in foreign direct investment inflows to the Regional Comprehensive Economic Partnership, the Cambodia-China Free Trade Agreement, Cambodia's new law on investment and the Belt and Road Initiative, a global newswire reported.

Source: fibre2fashion.com– Jan 05, 2024

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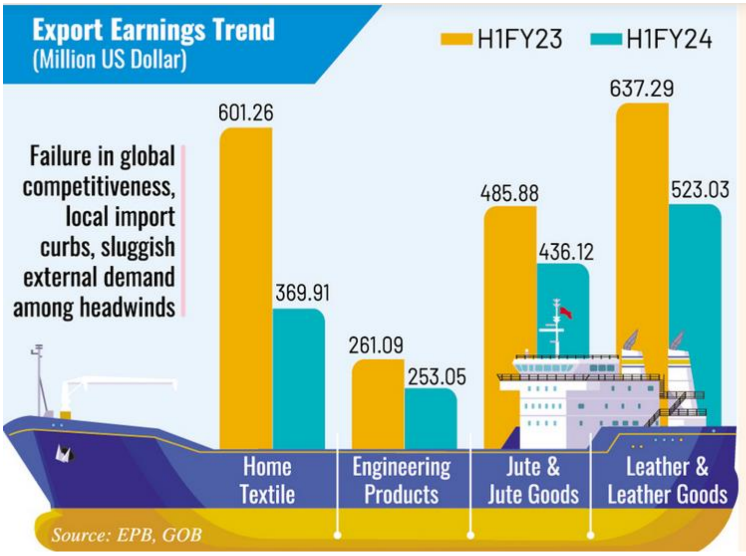
# Bangladesh: Billion-dollar earners lose steam

Promising billion-dollar-club export earners beyond garments failed to hold steam as they showed negative pace in shipment for latest headwinds, thus upsetting Bangladesh's bid for product-basket diversification, sources said.




At least five potential sectors were earlier performing better, touching or crossing billion-dollar annual earnings till the fiscal year (FY) 2021-22. But now they start losing their footprints as the emerging sectors in the country's export-diversification arena, they said.

The recent slump in export earnings from the five-category products have affected the diversification move made by the government through boosting shipments of those products beyond the multibillion-dollar-earning sector-readymade garments (RMG), analysts say.

An FE analysis has found home textiles, jute and jute goods, engineering products, leather and leather goods and agricultural products-the billion-dollar forex earners-have lost their momentum over the last one and a half years.

Economists and industry-insiders say the failure in improving the global competitiveness, local import restrictions, and sluggish global demand are among the dampers.

Home textiles, Bangladesh's highest promising sector in export diversification, slipped 38.48 per cent in the first half (H1) of the current FY2023-24, the latest Export Promotion Bureau (EPB) data showed.

During July-December period of the current fiscal, the local home-textile industry's shipment dipped to only US$369.91 million from an impressive $601.26 million in the previous corresponding period.

The export earnings from the home-textile sector for the first time had crossed one-billion-dollar mark in FY2022. Another sector-engineering products-also performed worst in the H1 of the current fiscal with its 3.08-percent fall in earnings.

During the first six months, the engineering-product manufacturers made shipments worth $253.05 million against $261.09 million in the same period last FY, the EPB data showed.

Earnings from engineering products had been on the rise till FY2022, with the zenith at $795.63 million. But the sector's turnover has been on a slide since the subsequent FY2023 through the current fiscal.

The country's struggling jute and jute goods sector's export earnings also dropped 10.24 per cent to $436.12 million during the H1 this fiscal from $485.88 million in the corresponding period of FY2023.

Meanwhile, jute regained its export might to enter the billion-dollar club in FY2021 earning $1.028 billion, which rose to $1.16 billion in the FY2022.

But in the last FY2023, it again made a dive to fall behind the billion-dollar status with earnings having declined to $912.25 million, the FE analysis has found.

Leather and leather goods also lost gear in the H1 of the current FY2024, falling short of the mark in foreign-exchange income from shipment to overseas markets.

During the July-Dec period of the current fiscal, the leather sector's foreign-exchange earnings had declined by 17.93 per cent to $523.03 million from $637.29 million in the corresponding period last fiscal, the EPB data showed.

The government has taken initiative to enhance Bangladesh's potential leather sector as one of the biggest export-earning hubs, by way of offering policy and fiscal supports every year.

Till last FY2023, the sector had proved its capacity boosting the foreign-exchange earnings to $1.223 billion. But it went on a downturn in the current FY as the earnings dropped 17.93 per cent during July-December period.

President of Bangladesh Engineering Industry Owners Association (BEIOA) Abdur Razzak says although the light-engineering sector was almost close to $1.0-billion earning in FY2023, now the global sluggish demand put "us on the back foot".

"We are hopeful about recovering the losses in the coming fiscal FY2025, when there is an outlook of higher global demand," he adds.

Chairman of Policy Exchange Bangladesh Dr Masrur Reaz told the FE that four key factors played foul with Bangladesh's billion-dollar-export earners.

"The lower export-competitiveness, lack of persistent and comprehensive efforts of the public-private sector, sluggish global demand, and the import restrictions locally on raw and intermediate goods have affected the export earnings," he added.

Although there is an outlook of improvements in the global demand but the local import restrictions already have pushed back the domestic industries in their output for next year's exports, Mr Masrur said.

Meanwhile, the overall export earnings in the H1 this FY2024 has maintained only 0.84 per cent growth to $27.54 billion from that of $27.31 billion in the corresponding period last FY2023, the EPB data showed.

The largest export-earning sector-RMG-also lost its breath during the first half of the current fiscal, with only a 1.72-percent growth in earnings-at a time when the country is in great need of foreign exchange to prop up depleting reserves.

The RMG sector made shipments worth $23.39 billion in the H1FY2024 against $22.99 billion in the same period last FY2023, the EPB data showed.

Source: thefinancialexpress.bd– Jan 04, 2024

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# Bangladesh aims to slash cotton imports by 15% with recycled garment waste

The Bangladesh Textile Mills Association (BTMA) is pushing for a major shift in the industry, transforming garment waste into recyclable materials. President Mohammad Ali Khokon believes this move could slash cotton imports by 15 per cent, a significant step towards self-sufficiency.

While efforts are already underway, with 40 factories like Simco Spinning and Beximco actively involved, it's still a drop in the bucket. Only 5 per cent of garment waste is currently recycled for export-worthy products.

This initiative finds strong support from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). President Faruque Hassan has called for a ban on cotton waste exports, emphasizing the need to break dependence on imported cotton, which currently stands at 98 per cent.

However, challenges remain. Financing and taxation are major hurdles, particularly the 22 per cent VAT levied on garment waste collection and recycled yarn sales. BTMA and BGMEA leaders are urging the government for policy and tax support to incentivize recycling.

A proposed scheme providing low-cost financial assistance to the industry could be the key to unlocking its full potential. By tackling these obstacles and embracing garment waste conversion, Bangladesh can significantly reduce its reliance on foreign cotton and boost its textile industry's sustainability.

Source: fashionatingworld.com– Jan 05, 2024

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# NATIONAL NEWS

## USTR Katherine Tai to visit India next week

United States Trade Representative (USTR) Katherine Tai will visit India from January 12-14, to participate in the 14th ministerial-level meeting of the India-US Trade Policy Forum, Washington said Friday.

On January 12, Tai will meet commerce and industry minister Piyush Goyal, and the two would co-chair the forum.

During this year's meeting of the Trade Policy Forum, Tai and Goyal will discuss a broad set of issues to enhance the resiliency of the trade relationship, including agriculture, industrial products, services, and the protection of intellectual property, among other topics, according to a statement issued by the office of the USTR.

Established in 2010, the Forum plays an important role in strengthening and expanding the bilateral economic and trade relationship.

"Under Ambassador Tai and Minister Goyal's leadership, the Trade Policy Forum has helped remove trade barriers and facilitate cooperation on key issues," USTR said. Tai will also meet with Minister of External Affairs, Subrahmanyam Jaishankar. On January 13, Tai will meet civil society representatives, business leaders, and stakeholders.

The two sides have reached several milestone agreements that deliver crucial market access for American farmers and producers, and high quality products to Indian consumers.

These included a 70% reduction of the tariff on pecans, the removal retaliatory tariffs on almonds, apples, chickpeas, lentils and walnuts, boric acid, and diagnostic reagents, and commitments for additional tariff reductions on frozen turkey, frozen duck, as well as fresh, frozen, dried, and processed blueberries and cranberries. They also reached agreements to resolve all seven of their outstanding World Trade Organization disputes.

Source: economictimes.com– Jan 06, 2024

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# Spinning industry seeks support to tide over slow exports

The textile mill associations on Friday sought financial support measures for India's spinning segment which is hit by the prolonged Ukraine-Russia conflict, the recent Israel-Hamas war, an 11% import duty on cotton and issues related to Quality Control Orders on man made fibre l.

Citing a 50-70% drop in capacity utilization 50% to 70%, the Confederation of Indian Textile Industry (CITI) sought extension of the one-year moratorium for repayment of the principal amount, and conversion of three-year loans under Emergency Credit Line Guarantee Scheme (ECLGS) into six-year term loans.

Rakesh Mehra, CITI chairman also pushed for an extension of "necessary financial assistance to mitigate the stress on working capital, on a case-to-case basis" to mitigate the unforeseen crisis plaguing the spinning sector, prevent job losses to several lakh people, sustain the market share, and achieve the envisaged export targets.

The textile industry had received critical support worth Rs 16,920 crore under the ECLGS, constituting approximately 6% of the total disbursement of Rs 2.82 lakh crore as of September 30, 2022.

However, the spinning segment now faces a severe crisis with a 50% decline in cotton yarn exports, a 23% drop in overall exports of cotton textiles, and an 18% reduction in total textiles and clothing products during the financial year 2022-23 compared to the previous year, CITI said.

Source: economictimes.com– Jan 06, 2024

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# Red Sea crisis takes toll on India's exports as shipping, insurance costs rise

The number of exporters using the Red Sea route had decreased because of the risk of attacks and the high insurance costs

The Red Sea crisis has started taking a toll on India's exports as shipping and insurance costs for shipments to the EU, east coast of the US, parts of Africa and the Middle East have escalated, a senior official has said.

But the government is yet to take a call on providing support to exporters in the form of subsidies, rebates or higher incentives under existing schemes, the official added.

"At the Commerce Secretary's stock taking meeting on the Red Sea situation with traders, shippers and other stakeholders on Thursday, it was clear that exports from the country had started getting affected by the crisis as both shipping and insurance costs had escalated," the official tracking the matter said.

The Iran-backed rebel group Houthi started attacking cargo in the Red Sea after the start of the Israel-Hamas war in October to declare their support for Hamas.

Risk of attacks

While the Defence Ministry was providing security and escorts to some shipments, the number of exporters using the Red Sea route had decreased because of the risk of attacks and the high insurance costs, the official added.

"Most exporters are using the alternative route through the Cape of Good Hope but that is a much longer route. There is no container shortage yet, but turnaround time has increased by about 14 days because of the long route," the official said.

Both shipping costs and insurance costs have increased sharply and the government would make an estimate once the numbers were provided by the industry, he added.

According to industry estimates, about $225-230 billion of India's exports to the EU, the east coast of US, African countries such as Egypt, Eritrea and Djibouti, and some Middle East countries could be at risk if the situation in the Red Sea does not get contained.

Source: thehindubusinessline.com– Jan 05, 2024

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# How can India achieve USD1 trillion in exports: Decoding the roadmap

At the heart of India's economy lies the service sector. Accounting for a lion's share—roughly 50 per cent—of the GDP, services are a vital contributor to the country's inherent domestic needs while also propelling its global agenda.

In recent times, the momentous rise in service exports has been at the crux of India's post-pandemic resilient economic push. Backed by a strong wave of global demand, the country witnessed a robust 27 per cent annual growth in FY2022–2023, reaching a record export value of USD323 billion. The positive growth momentum has further continued into the first half of FY2023–2024, recording a total export value of about USD165 billion—up by almost 5.6 per cent.

India's service exports basket

Driven by reformatory initiatives, increasing investments and an abundance of a young workforce, India has firmly established itself on the global stage for services. Largely catering to the demands of advanced economies, the country now ranks seventh among service providers with a 4.4 per cent share in global exports.

Although IT services dominate total exports, shifts in the global outlook are opening numerous avenues for many upcoming industries to grow. India is emerging as the most preferred location for global shared services.

The number of global capability centres (GCCs) in the country—an estimated 1,580 in FY23—is expected to increase to more than 1,900 by 2025. This presents emerging opportunities for other services—such as consulting, education, advertising, finance and emerging tech—to expand beyond the traditional trends.

For instance, according to a recent NASSCOM-KPMG in India report, about 30 per cent of digital banking products produced globally are developed in GCCs in India. Additionally, we are also home to the third-largest start-up ecosystem globally. This growing momentum can help India achieve its near-term service export goal of USD400 billion in the current fiscal, laying the foundation of the target of 1 trillion in exports by 2030.

How can we achieve USD1 trillion in exports?

A step beyond IT: While the software industry has been the backbone of India’s service sector, non-IT services also have immense potential that need to be tapped strategically. The disaggregation of service value chains, the option of remote working and India’s strengthening digital infrastructure are catalysing modern service lines.

Today, the number of new-age GCCs is on a steady rise, across prominent domains—such as banking, financial services and insurance (BFSI), engineering research and development, and software and internet. Estimates suggest that about 50 per cent of the GCC workforce in India is involved in tech-enabled processes, hinting at an upward progression in the value chain. Going ahead, the GCC market in India is estimated to reach USD110 billion by 2030, growing at a CAGR of 14 per cent.

These trends are driving non-traditional sectors, which of late, have showcased favourable growth trends. For instance, India’s business services exports have shown positive trends, growing by USD21 billion in the previous year. India is also becoming a popular choice for financial services.

In 2022, the value of financial services exported by India stood at USD7.3 billion, marking an annual percentage change of 43 per cent—the highest among major exporters. Similarly, with global freight charges returning to normalcy, transport services from India have also increased optimistically. Rising infrastructural investments, improving connectivity and enhancing ease of doing business can further sustain positive growth trends for these non-IT service lines.

Additionally, India can also prepare a strong foundation to harness the demand for high-value technical services. For instance, given the global semiconductor boom, demand for specialised technical expertise in the fields of R&D, manufacturing services, supply chain management and maintenance and repair will be on the rise. India can increase its focus on moving up the services value chain and establish itself as a modern-day solution provider.

Diversifying market horizons: Through the years, India has leveraged its skilled workforce as a prominent asset to seize the surging demand from advanced economies—such as the US, Japan and the UK. Although we have benefited, the majority of our exports have been concentrated in a few markets. The US and the EU alone account for about 80 per cent of the total services trade from India. To reach the desired exports target, the government can consider diversifying away from traditional markets and exploring newer opportunities. For instance, Asian countries are showing a notable surge in demand for commercial services.

Commercial service import trends among Asian countries in 2022:

| Importing country | Value (USD billion) | % growth |
|---:|---:|---:|
| Singapore | 258 | 7 |
| South Korea | 135 | 10 |
| UAE | 95 | 22 |
| Thailand | 62 | 8 |
| Malaysia | 44 | 21 |

Source: World Trade Statistical Review 2023

A variety of service offerings, such as finance, manufacturing, telecommunication, computer insurance and pension, are in demand among these nations. India can leverage these emerging markets to broaden its trade ties and secure a higher share in global exports. Several upcoming free trade agreements can also be negotiated better to improve market access and favourable trading terms.

Harnessing the workforce edge: In an era defined by technological transformations and digital disruptions, India has a significant advantage owing to its young and largest workforce. However, upskilling is key to maximise this potential.

The recent implementation of skilling initiatives by the National Skill Development Corporation (NSDC) under a public-private partnership model can prove to be useful. Combining government resources with private sector expertise can help in shaping India’s youth for emerging opportunities.

Going ahead, executing reformatory initiatives, increasing industry collaborations, improving digital infrastructure and enhancing accessibility to remote regions can encourage skill development and help India prepare its youth for the world of work.

However, with organisations increasingly adopting AI into their operations, what remains to be seen is the impact of this fast-evolving technology on hiring patterns and how the youth population can be trained on AI skills.

There is a steady momentum in India's aspirational push to achieve its economic targets. With the right mix of industry support and government interventions, we can position ourselves as a frontrunner in services trade.

Source: financialexpress.com– Jan 03, 2024

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# The Red Sea conflict: Agri, textile exporters hold back shipments

The commerce department is monitoring developments on the situation at the Red Sea, amid exporters holding back their shipments owing to fears about higher freight costs due to shipping vessels being rerouted.

Such shipments include agricultural and textiles products.

The cost of freight and insurance has risen due to ships being compelled to avoid the region and take a longer route around the Cape of Good Hope. This is because of persistent attacks by Iran-backed Houthi rebels in the Red Sea region.

“Shipments are being held back by exporters because they are feeling the pinch of additional freight costs. If this prolongs, then it is a matter of concern,” a senior government official told Business Standard, adding that containers could face delays of 12-14 days in their turnaround time although there was no shortage of containers.

“We have not got the signal yet whether exporters abroad are holding back shipments,” the official said.

While exports to the US west coast are intact, shipments to Europe, North Africa, and West Asia have been affected.

India exports goods worth $110 billion to the three regions.

The commerce department is yet to do a detailed assessment of the hit on Indian exports.

“A quantification of the delay needs to be assessed. It has not been done yet since the situation is unfolding,” the official said.

The development comes against the backdrop of the commerce secretary chairing a meeting with exporters on Thursday to discuss the crisis.

Another official said many consignments were being escorted with security in high seas with help from the Ministry of Defence due to the challenges on the Red Sea.

Separately, Danish shipping giant Maersk will divert its vessels around the Cape of Good Hope "for the foreseeable future".

"The situation is constantly evolving and remains highly volatile, and all available intelligence at hand confirms that the security risk continues to be at a significantly elevated level," Maersk said in a statement on Friday.

Source: business-standard.com– Jan 05, 2024

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# Surat textile sector awaiting power subsidy

The textile sector in Surat is still awaiting the power subsidy guaranteed in the 2019 Gujarat Textile Policy as reported by The Blunt Times.

The dreams of more than 3,800 entrepreneurs, approved by the District Industries Centre and Surat District Collector, remain unfulfilled by the State Government. As the deadline of 31st December 2023 for the Textile Policy has gone by, uncertainty affects the industry.

The promised subsidy cost is Rs. 3 per unit for LT (Low Tension) connections and Rs. 2 per unit for HT (High Tension) connections – aimed to revive the sector struggling with increasing energy costs.

Vijay Mevawala, Vice President of the Southern Gujarat Chamber of Commerce and Industry, expressed "We haven't heard a word about the disbursement of the subsidy. We've written to the State Government, urging them to clear the files. Our hope is that these 3,800 applications, each representing a weaver's dream, will finally see the light of day."

The textile sector not only fuels Gujarat's economy but also sustains millions of livelihoods, making the delayed subsidy a betrayal of trust and a serious threat to the base of the textile dream in Surat.

Mayur Golwala, leader of Surat's powerloom industry, states "The Government must act swiftly to clear the backlog and ensure that the fabric of hope doesn't unravel into despair."

Source: apparelresources.com– Jan 05, 2024

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## Powerloom megacluster to get ₹52 crore subsidy

Kolhapur: The state government has decided to grant a subsidy of around Rs52 crore for 400 textile processing units from the Ichalkaranji Powerloom Megacluster for upgradation and buying new machinery.

The state cabinet on Thursday decided to grant capital subsidy to the textile units from the megacluster, which was set up in 2012 after the announcement in the same year's budget of the central government. The clustering of the textile units was done with a vision to develop world-class facilities for textile processing and production of high-quality yarn and fabric.

However, since the past few years, the megacluster has been facing many issues. There was a demand from a panel of experts for the funds to upgrade the looms.

Vinay Mahajan, the Ichalkaranji-based textile expert, said, "According to the government policy, various processing units get a subsidy. Earlier, a 15% subsidy used to be sanctioned in three installments. This time, the government has tweaked the rule, and accordingly, the capital subsidy of 45% will be granted for upgrading the machinery and expanding the units in one installment."

The megacluster has a total capacity of processing 2.25 lakh meters of fabric, dyeing two tonnes of fabric yarn and 27 tonnes of warping and sizing daily. Earlier, the smaller garment units from Ichalkaranji had to take their garment to other places to convert them into world-class fabric. However, the megacluster helped them carry out garment processing.

Now, the subsidy will help enhance the capacity, and it is hoped that the megacluster will address the needs of the local garment makers. Ichalkaranji has over a century-old history of garment making despite there being no cultivation of cotton in the region.

The cotton is brought from Vidharbha and Gujarat and is put through various stages to make a good quality garment. Ichalkaranji has the highest number of powerlooms in the state.

Source: timesofindia.com– Jan 06, 2024

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