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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

UFLPA Needs to 'Aggressively Step Up' Enforcement, Lawmakers Say

The heads of a bipartisan congressional group have identified several factors that it says are "undermining" the Biden administration's crackdown on goods linked to forced labor in China, including a skeletal blacklist of complicit entities, the transshipment of products through third countries and a de minimis provision in trade law that allows low-value packages from overseas e-tailers like Shein and Temu to creep through customs with limited data.

"While we appreciate steps the Department of Homeland Security has taken to stem the flow of these goods into our market, we remain deeply concerned that products tied to the Chinese Communist Party's ongoing genocide against Uyghurs and other minorities in the Xinjiang Uyghur Autonomous Region continue to find their way into American households," wrote Representatives Mike Gallagher, a Republican from Wisconsin, and Raja Krishnamoorthi, a Democrat from Illinois, in a letter to Homeland Security Secretary Alejandro Mayorkas in a letter dated Jan. 17.

Both the Department of Homeland Security (DHS) and Customs and Border Protection (CBP) have flagged the same issues as challenges to enforcing the Uyghur Forced Labor Prevention Act, or UFLPA, a two-year-old law that imposes a rebuttable presumption that all goods made in whole or in part in Xinjiang are the products of modern slavery and therefore verboten in the United States—much to the disconcertion of the Chinese government, which has denounced allegations of human rights abuse as Western fallacies designed to thwart its economic competitiveness.

At a House Committee on Homeland Security hearing earlier this month, Christa Brzozowski, assistant secretary for trade and economic security at DHS, admitted that the 30-name-strong UFLPA Entity List "might not reflect" the scale of the problem the legislation seeks to address, but that the department has done a "very impressive job" setting up a "robust methodology" that is "going to stand not only the test of time but legal scrutiny."

Gallagher and Krishnamoorthi, chair and ranking member, respectively, of the Select Committee on the Chinese Communist Party, wrote that there is an "urgent need" to expand the list to include entities outside Xinjiang with affiliations to companies in the region, especially those involved in seafood, gold and critical minerals industries—categories that are less scrutinized than cotton, tomatoes or photovoltaic parts.

"The committee is concerned about reports that PRC companies that have participated in government-sponsored labor transfer programs have not yet been added to the UFLPA Entity List," the congressmen said, using an acronym for the People's Republic of China. "As explicitly stated in the UFLPA, the Forced Labor Enforcement Task Force's enforcement strategy should include a list of entities that work to 'recruit, transport, transfer, harbor or receive forced labor.'"

To make its point about transshipment, the letter noted that Vietnam has to date outstripped China for products detained under the UFLPA in terms of value: $10 million versus the latter's $2 million. It cited the U.S. International Trade Commission, which wrote in a 2022 trade briefing that third-country exporters are likely to be a "significant channel" through which Xinjiang cotton enters American markets.

Even America's free trade agreement partnerships, such as the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) and the United States-Mexico-Canada Agreement (USMCA), present potential pitfalls. In July, for instance, CBP detained six shipments from Nicaragua for testing positive for Xinjiang cotton, months after the Central American nation inked its own free trade agreement with China that included "raw materials for textiles."

Gallagher and Krishnamoorthi criticized CBP for detaining an "anemic" $43 million in fashion-related freight between June 2022 and September 2023 despite the United States logging $184 billion in such imports in 2022 and DHS pegging cotton as a UFLPA enforcement priority.

"Given the massive volume of imports in a sector flagged for priority enforcement, we would expect to see regular large-scale detentions of these products," they wrote. "Instead, CBP's average UFLPA reviews per month for textile and apparel goods actually dropped in 2023 compared to 2022."

These numbers, the lawmakers added, also exclude potential textile and other forced labor products shipped through the de minimis channel, a classification "not recorded by CBP, and a serious concern highlighted in the committee's "Fast Fashion and the Uyghur Genocide: Interim Findings' report." That report, published in June, estimated that Temu and Shein are likely responsible for more than 30 percent of all packages shipped to the United States under the under-$800 exception, amounting to some 600,000 per day or 210 million a year. Both companies have been accused of selling products linked with Xinjiang, though Shein has said that it has "zero tolerance" for forced labor and that far from profiting from the so-called "loophole," as its detractors insist, is pushing for its reform.

De minimis adds complications, Eric Choy, CBP's executive director for trade remedy and law enforcement, said at the January hearing, not least because of the massive volume of shipments that qualify for duty-free privileges—685 million in 2022 alone, a 67 uptick from 2018—though it's a misconception that they don't come under the purview of the UFLPA. They do, but their reduced labeling requirements make it harder to ascertain risk.

"The agency is working closely with DHS to develop strategies to address these challenges and include regulatory changes to increase data collection and technology enhancements to improve risk management and targeting," he said.

Gallagher and Krishnamoorthi say that the Biden administration needs to "aggressively step up" enforcement of potential UFLPA violations, whether directly from China or indirectly through third countries.

"These measures should include adding companies outside the PRC that profit from the use of Uyghur forced labor to the UFLPA Entity List; exponentially increasing testing of goods at ports of entry for UFLPA violations, including by expanding the use of isotopic and other testing; and better publicizing CBP's enforcement activities to deter would-be violators," they said. "CBP should also increase its on-site inspections of production sites in CAFTA-DR and USMCA countries to conduct rule of origin verification investigations, which have plummeted in recent years despite a massive influx of yarns and fabrics from the PRC into the region."

The letter also called for “substantially expanded national-level collaboration” between DHS, the Department of Justice and DOJ and other interagency partners that can assist with prosecuting international trade crimes. Without the “deterrent effect of substantially increased levels of legal actions” against perpetrators of trade crime, the congressmen said, companies will “continue violating the UFLPA at will.”

“Nevertheless, we view this as only a first step and urge DHS to use this center to significantly enhance cooperation with DOJ’s Trade Fraud Task Force and other interagency partners to increase criminal prosecutions against persons profiting off the use of Uyghur forced labor, including in all UFLPA priority sectors as well as in the critical minerals and seafood industries,” they added.

In a statement of support released Monday, National Council of Textile Organizations president and CEO Kim Glas urged Secretary Mayorkas to take “immediate action to strengthen enforcement of the UFLPA and aggressively confront predatory trade practices employed by China that are undermining U.S. manufacturers and endangering American citizens.”

“The government’s failure to fully enforce the UFLPA and the de minimis loophole is devastating U.S. textile and apparel manufacturers,” she said. “Today, this vital domestic manufacturing industry is facing unparalleled demand destruction as a direct result of market forces that have been exacerbated by anemic customs and trade law enforcement.

Chinese cotton from Xinjiang is flooding the global marketplace, making its way to our doorsteps and into our closets. As a result, we need a comprehensive and aggressive solution from the administration to confront these practices head-on.”

Paul Scott, president of the Alliance for American Manufacturing, declared his support for the letter, as well, saying that Gallagher and Krishnamoorthi “rightly point out” the “near impossibility” of monitoring shipments by the likes of Shein and Temu under the de minimis provision. He also believes that the rebuttable presumption standard is “too weak” and that efforts to curtail the circumvention of the law through transshipments and other strategies are “falling short.”

“The [UFLPA’s] premise was straightforward: No American consumer should unwittingly aid these atrocities, and no American business should be made to compete with forced labor overseas,” he said.

“Importers are actively seeking loopholes in enforcement of the law, and they unfortunately are succeeding,” he said. “The Alliance for American Manufacturing supports the Select Committee’s efforts to hold CBP accountable and push for stronger enforcement.

Source: sourcingjournal.com– Jan 23, 2024

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Texworld NYC: Experts Say Sourcing Could Be on Course for 'Catastrophe'

Softening sales. Logistics layoffs. A mass manufacturing exodus from China. With such issues at play, 2024's sourcing outlook could be a stormy one.

In a candid conversation moderated by Sourcing Journal founder Edward Hertzman at Texworld New York City on Tuesday, experts discussed the uncertainty the industry faces in the year ahead.

"Continuity of supply is, I would say, one of the biggest challenges and what is keeping many of the sourcing executives awake at night," Murali Gokki, managing director of Berkeley Research Group (BRG), said. "And it comes from two sources: one is the supplier base and the second is global shipping and logistics."

There's a softening reliance on China as a manufacturing base, but emerging markets have also faced difficulty in re-creating China's strengths. China still dominates in terms of raw materials, but its suppliers are "financially stressed" considering that as interest rates climb, importers' requests for longer payment terms do, too. Logistics holdups in the Suez Canal and Panama Canal are forcing shippers to reroute their lanes, contributing to longer lead times and uncertainty surrounding container availability.

"So yes, there are challenges around traceability and sustainability, but what's keeping senior executives awake at night is having a reliable global supply chain," Gokki said.

Given the erratic market, planning for volatility is necessary. According to Gokki, forecasting demands are coming in earlier and earlier, making them less and less reliable and causing friction within the buyer-supplier relationship.

"I think that the relationship is definitely strained," he said. "The reality is that all of the legacy processes and tools are not up to the standard to actually solve for this. Buyers and suppliers have to really start working closer than ever before to solve for this."

However, Sparc Group, the parent company of Aeropostale and Forever 21, believes it depends on the strength of a brand's individual relationships.

"At Sparc, we take our vendors as the backbone; they are sort of the heart without which you can't work," Mansi Thar Arora, group vice president of sourcing and product development, said. "When you have that mutual interest to protect each other…we are able to create a collaboration."

The past five years have been "like a roller coaster," though working closely with partners has allowed the company "to maneuver through all the challenges so far." "We've come out of it stronger because of that collaboration, and I think more and more companies and retailers are realizing the importance of that collaboration," she said.

Untuckit's chief product and supply chain officer, Bjorn Bengtsson, agreed. "I think the relationships become more and more important and the pandemic showed that if you have great relationships, you can survive the supply shock," he said. "If you have opportunistic relationships, you're in trouble."

Considering that retail is soft at the moment, Hertzman asked the panelists if they were concerned that sustainability efforts and investments could fall by the wayside as companies shed jobs. Will profitability be prioritized instead?

Gokki intimated that the latter is likely. The industry has yet to agree on a system to measure carbon footprints, validate it, and then report against the progress of carbon neutrality—and that's an issue, he said.

"If I were to walk through the booths and want to see the carbon footprint for every one of the fabricators out here, I bet there's not even one company here that has the carbon footprint for that particular fabrication," Gokki said. "We are, unfortunately, a long way from getting there. But people are coming to a realization that somebody has to pay for this change, and it's definitely not the consumer."

Source: sourcingjournal.com– Jan 23, 2024

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Yarn spinners adapt to uncertain 2024 with sustainability focus

The yarn spinning industry anticipates a challenging year ahead as the dampened macroeconomic climate is expected to impact consumer confidence and spending. Industry leaders, including Boris Xue of Consinee Group and Alberto Conti of Monticolor, express concerns about the uncertainty and volatility in the market, citing factors such as inflation, geopolitical conflicts, and logistical challenges.

Executives highlight the impact of inflation on end products, particularly in the fashion sector, leading to a contraction in sales. The conflict in Ukraine, issues in Gaza, and high-interest rates are cited as significant roadblocks to growth. Despite challenges, companies like Botto Giuseppe and Cariaggi emphasize the importance of strategic consistency and investments in sustainable practices.

Italian yarn spinners, facing a demanding luxury market, are committed to research and development, focusing on luxury and high-end brands. Sustainability remains a priority for companies like Servizi e Seta, which is investing in a fully integrated manufacturing process and a photovoltaic system for energy self-sufficiency.

Despite a complex outlook, industry players are banking on sleek and crisp threads in subtle, colorful palettes for their spring 2025 collections. The demand for sustainable threads and a connection to nature-inspired collections are seen as opportunities in the market. Companies are experimenting with blends, including organic and recycled materials, to meet the growing demand for environmentally friendly products.

In conclusion, the yarn spinning industry is navigating a challenging landscape marked by economic uncertainties, geopolitical tensions, and changing consumer preferences. Despite the difficulties, companies are investing in sustainability and innovation to stay resilient in the market.

Source: fashionatingworld.com– Jan 23, 2024

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Polish retail sales 2.3% lower YoY at constant prices in Dec 2023

Retail sales at constant prices in Poland in December last year were 2.3 per cent lower year on year (YoY) against an YoY increase of 0.2 in December 2022. The figure increased by 11 per cent month on month (MoM) during the month.

In the entire year, sales decreased YoY by 2.7 per cent compared to a rise of 5 per cent YoY in 2022.

In December, an 11 per cent MoM decrease in online retail sales value at current prices was recorded.

The share of online sales in total sales decreased from 11.7 per cent in November to 9.4 per cent in December last year.

Among the groups with a significant share of online sales, a decrease in share was reported by textiles, clothing and footwear enterprises from 24.5 per cent a month ago to 17.3 per cent in December.

Source: fibre2fashion.com– Jan 24, 2024

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Netherlands' consumer confidence sees slight improvement in Jan 2024

Consumer confidence in the Netherlands showed a marginal improvement in January 2024, according to Statistics Netherlands (CBS). The consumer confidence indicator rose to minus 28, a slight increase from minus 29 in December 2023. This improvement is attributed to a more positive view of the economic climate and an increased willingness to buy among consumers.

Despite this uptick, consumer confidence in January remains significantly below the long-term average of minus 10 observed over the past two decades. The indicator peaked at 36 in January 2000 and hit an all-time low of minus 59 in September and October 2022.

In January, consumers exhibited less pessimism about the economy compared to December. The component indicator for economic outlook improved to minus 39, up from minus 41 in the previous month. This change reflects an improvement in consumers' assessments of the economic situation over the past twelve months, although their expectations for the next twelve months turned slightly more negative, as per CBS.

Regarding the willingness to buy, the indicator was less negative in January, standing at minus 20, compared to minus 21 in December. Consumers felt more positive about their own financial situation over the past year, while their outlook for the next year remained unchanged. Additionally, there was a slight decrease in negativity towards making large purchases in January compared to the previous month.

Source: fibre2fashion.com– Jan 24, 2024

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Chinese business delegation meets BGMEA, explores potential collaboration in apparel sector

A delegation from China, comprising representatives from the China Knitting Industrial Association and the China Cotton Textile Association, visited the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on Monday (22 January).

The visit aimed at exploring potential collaboration, particularly in the textile and apparel sector, to derive mutual trade benefits.

The Chinese delegation included Lin Yunfeng, Chairman, China Knitting Industrial Association; Jing Shenquan, Vice Chairman, China Cotton Textile Association, and Wei Wei, Vice Director of Department, China Knitting Industrial Association. Besides, representatives from various Chinese companies specialising in textile machinery, chemicals, and raw materials were also part of the delegation.

During the visit, they met with BGMEA leadership, including President Faruque Hassan, Senior Vice President SM Mannan (Kochi), Vice President Shahidullah Azim, and Vice President (Finance) Khandoker Rafiqul Islam.

BGMEA Directors Faisal Samad, Haroon Ar Rashid, Barrister Vidiya Amrit Khan, Md Imranur Rahman, and Neela Hosna Ara were also present in the meeting.

Their discussions focused on trade and investment opportunities, fostering collaboration, and expanding business scope between Bangladesh and China in the textile and apparel sector.

BGMEA President Faruque Hassan gave an overview of Bangladesh's apparel industry, especially its strong emphasis on shift towards manufacturing high-value products, particularly man-made fibre-based garments.

He sought China's investment in high-end textile and backward linkage industries in Bangladesh that would bring benefits to both sides.

He also emphasised China's support in enhancing capabilities through the exchange of knowledge and technical expertise.

He said the shift to non-cotton apparels would lead to an increase in demand for man made fibre-based fabrics, chemicals, and other raw materials, and China is well-positioned to meet Bangladesh's requirements.

President Faruque Hassan also highlighted the high potential for garment exports from Bangladesh to China.

Source: tbsnews.net– Jan 20, 2024

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Bangladesh: Apparel exports surge 20.54% to non-traditional markets in 2023

As the government aims to diversify the country's export destinations, Bangladesh's apparel exports to non-traditional markets witnessed a 20.54% year-on-year growth last year.

During January to December of 2023, exports to these destinations jumped to $8.87 billion from $7.36 billion in the corresponding period of previous year, according to the Export Promotion Bureau (EPB) data.

Japan was the top destination among major non-traditional markets last year, fetching $1.68 billion, indicating a growth of 26.53% compared to 2022.
Export to other non-traditional markets, including Australia, Russia, New Zealand, Saudi Arabia, South Korea and China, has also posted positive growth.

Even amid an ongoing war, Russia imported $479 million worth apparels from Bangladesh last year – a 13.13% growth from $423.21 million in 2022.

Japan and Australia are the only two non-traditional markets that received over $1 billion worth of apparels from Bangladesh.

However, apparel shipments to two major markets – the US and Germany – experienced a decline of 8.68% and 16.40%, respectively.

According to EPB data, the share of apparel exports to non-traditional markets stood at 18.72% in 2023. It was 16.10% in 2022.

Exporters noted that Bangladesh's apparel sector is performing well in non-traditional markets despite slowdown of apparel demand in the global market.

Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association, said the figures exemplify exporters' commitment to diversifying the export portfolio, which is a result of the tireless efforts of entrepreneurs.

"A heartfelt appreciation to our valued members for their visionary steps reflected in the numbers of our exports to new markets. Their dedication remains instrumental in our positive growth," he added.

Faruque mentioned that the growth represents the collective achievements of individual exporters within the industry, and BGMEA is appreciative of the chance to provide support.

"Through our apparel diplomacy initiatives, we tried to create a stir around the global market, to tell the story of our transformation and the renewed vision and committed efforts toward sustainability," BGMEA president further said.

He also mentioned that they need more efforts, branding and promotion to unlock further growth opportunities in new items.

Apparel exports to the EU market (considered traditional) saw 1.49% growth to $23.38 billion in 2023, thanks to 12.69% positive growth in Spain and 8.46% growth in France.

While the UK, also a traditional market, third largest export destination of Bangladesh apparel, managed to retain a growth by 12.46% in 2023. Bangladesh's RMG export to the UK reached $5.34 billion during the calendar year 2023 from $4.75 billion in 2022.

Bangladesh's total apparel exports amounted to $47.39 billion in 2023.

Source: tbsnews.net– Jan 22, 2024

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Bangladeshi Cotton Textile Workers Set for Wage Increase

Bangladesh's cotton textile workers are due for a minimum pay hike of their own, but they must be patient, the South Asian nation's trade group for textile businesses has cautioned.

"Already the government has formed a minimum wage board for the cotton textile sector, and we expect the wages will be announced soon," wrote the Bangladesh Textile Mills Association, or BTMA, in a press release on Friday. "The labor and employment secretary and the Minimum Wage Board have assured us that an announcement in this regard will come within two weeks."

The BTMA voiced concern about what it described as a "deteriorating law and order situation" at its member factories in and around the capital of Dhaka following the announcement of a new monthly minimum for their garment sector counterparts.

That increase, from 8,000 Bangladeshi taka ($73) to 12,500 taka ($114), has been decried by workers' representatives as insufficient to keep up with the rising cost of living in Bangladesh. At the same time, suppliers say that they won't be able to meet the increase if buyers don't raise the prices they receive.

So far, only H&M has explicitly told factories that it will absorb the extra cost, though labor groups say that this is the lowest possible bar for a brand. And while several brands have written to Prime Minister Sheikh Hasina in support of a higher threshold, Patagonia alone has publicly backed the 23,000 taka ($210) figure that garment workers have been seeking.

Reports of protests in the ready-made garment sector are erupting again, this time over whether factories are hewing to the new pay scale.

Bangladesh's 5 million textile workers, spread out across 7,000 facilities, make even less than their 4.1 million cut-and-sew colleagues. Their monthly minimum of 5,710 taka ($52) hasn't budged since 2018, when it was increased from the previous floor of 3,302 taka ($30).

The first wage board meeting is scheduled for Tuesday, the BTMA said, with Md Abdul Malek, general manager at Pahartali Textile and Hosiery

Mills, serving as the owners' representative and Shahjahan Saju, senior vice president at the same mill's union, as the workers' one.

The BTMA said that it's in support of higher wages for workers, and that it will implement any increase "without delay," adding that the organization is "in complete agreement with the government."

"Workers at BTMA mills are being requested to be patient in this regard," it added.

Source: sourcingjournal.com– Jan 23, 2024

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NATIONAL NEWS

Kasturi Cotton: India's White Gold with a Green Heart

Kasturi cotton heralds a new era in the realm of cotton quality, setting a precedent that goes beyond conventional expectations. This premium brand, emerging from India, the largest cotton-producing nation in the world, symbolises a revolution in the cotton industry. With its introduction, the standards of cotton quality have been redefined, offering an unparalleled blend of softness, strength, and durability.

This brand is a testament to the commitment to quality and innovation, embodying the aspirations of an entire nation's cotton industry. Kasturi cotton stands not just as a product, but as a symbol of India's rich agricultural heritage, technological advancement, and forward-thinking approach in the global textile market.

Elevating Indian Cotton on the Global Stage

Born out of the desire to distinguish Indian cotton on the global stage, Kasturi cotton was conceptualised to revolutionise how the world perceives Indian cotton.

This initiative, spearheaded by the Ministry of Textiles, Government of India, aimed at redefining Indian cotton's global perception. Launched with the vision of transforming Indian cotton from a mere commodity to a premium brand, it celebrates the distinct qualities of Indian cotton: whiteness, softness, purity, lustre, and Indianness.

Coinciding with World Cotton Day on 7th October, the Ministry announced the "Kasturi cotton Bharat" brand, further solidifying its identity with a dedicated logo and brand. Following this, on 21st October 2023, the Kasturi cotton Bharat website was launched, marking a significant digital milestone.

This endeavour not only promises higher returns for all stakeholders—from farmers to fabric manufacturers—but also positions Indian cotton as a leader in quality and sustainability in the global market.

Empowering Indian Cotton Farmers

At the heart of this initiative lies a deep commitment to empowering the Indian cotton farming community. Recognising the farmers as the backbone of the cotton industry, the programme was designed to bring them to the forefront of this transformation. By introducing Kasturi cotton, the government and associated bodies aimed to provide farmers with not just a platform but a brand that they could take pride in. By providing them with access to better technologies, training, and resources, it aims to enhance the overall quality of the cotton produced. The programme also includes mechanisms for fair pricing and direct market access, ensuring that the farmers receive a just reward for their produce.

Moreover, the traceability aspect of Kasturi cotton, enabled by blockchain technology, allows farmers to be a part of a transparent and verifiable supply chain. This not only adds credibility to their hard work but also opens up new avenues for them in the global market. The Kasturi cotton label, therefore, is not just a mark of quality but also a badge of honour for the Indian cotton farmer, symbolising their integral role in elevating Indian cotton to a world-class standard.

Leading the Kasturi Cotton Initiative: TEXPROCIL and CCI

The implementation and branding of Kasturi cotton are expertly helmed by two key organisations: The Cotton Textiles Export Promotion Council (TEXPROCIL) and the Cotton Corporation of India (CCI). These entities will play a pivotal role in translating the Kasturi cotton vision into reality, ensuring that every phase of the initiative aligns with the overarching goals of quality, sustainability, and farmer empowerment.

TEXPROCIL, with its longstanding expertise in promoting the export of Indian cotton textiles, serves as the driving force behind the Kasturi cotton branding and marketing strategy.

The organisation is responsible for the intricate process of branding, tracing, and certifying Kasturi cotton, ensuring that it adheres to stringent quality standards. Its role extends to overseeing the entire supply chain, from the ginning process to the final product, guaranteeing that each step conforms to the set parameters.

CCI, on the other hand, brings its vast experience in cotton trade and farmer welfare to the table. This organisation ensures that the benefits of the Kasturi cotton initiative trickle down to the grassroots level, the cotton farmers and also that the practices employed are not only economically viable for the farmers but also sustainable, thus aligning with the global shift towards environmentally conscious agriculture.

Together, TEXPROCIL and CCI form a formidable alliance, leading the charge in transforming Indian cotton into a globally recognised and respected brand.

The Role of FCB Interface Communication

FCB Interface Communication, appointed as the creative agency for Kasturi cotton, will also play a critical role in shaping the brand's image and messaging. It has been tasked with narrating the story of Kasturi cotton, a story that encapsulates tradition, quality, and innovation.

The agency's approach is multi-faceted, targeting various platforms to reach a diverse audience. Its strategies include creating compelling digital content such as videos, banners, blogs, and webinars that highlight the unique qualities of Kasturi cotton complemented by traditional marketing channels like magazines, newspapers, and regional TV, ensuring a broad reach.

Moreover, FCB Interface Communication's role is to create a narrative that resonates with consumers, stakeholders, and industry leaders alike, showcasing Kasturi cotton not just as a product but as a symbol of India's commitment to quality and sustainability.

Structuring for Excellence

The Kasturi cotton programme is meticulously structured to uphold and enhance the quality of Indian cotton. This comprehensive structure covers various aspects of the cotton production and distribution process, ensuring that every stage adheres to the programme's high standards.

The programme is managed by a coordinated effort between various agencies, each responsible for different aspects of the production and certification process. This includes audit and inspection teams which ensure adherence to the standards, sampling and testing agencies who rigorously test the cotton quality, and certification bodies who validate the quality and origin of the cotton.

A significant feature of the programme is its emphasis on sustainable and ethical practices. This includes ensuring that the cotton is packed and marked as per established Indian standards (IS 12171:2019), ensuring consistency and reliability in the product quality. Each bale of cotton is marked with a unique QR code, which provides detailed information about the cotton, including its type, origin, and quality attributes. This QR code system is a key component of the traceability mechanism, enabling buyers and consumers to verify the authenticity and quality of the cotton easily. The programme's structure is designed not only to maintain the high quality of the cotton but also to enhance the overall value chain of Indian cotton.

Guaranteeing Superior Quality through Traceability

The cornerstone of the Kasturi cotton initiative is its unwavering commitment to superior quality, which is ensured through rigorous traceability and certification processes. By implementing a robust system of traceability, every batch of Kasturi cotton can be tracked back to its source, providing a transparent view of its journey from farm to fabric. This traceability is bolstered by the use of advanced blockchain technology, which enables a secure and unalterable digital ledger, where every transaction and transfer from the farmer to the final product is recorded. This system provides a comprehensive and tamper-proof record of the journey of Kasturi cotton, ensuring traceability at every stage.

Furthermore, blockchain technology facilitates compliance with international standards and certifications, as it provides a reliable and efficient way to verify the authenticity and quality of the cotton.

Sustainable Practices at the Core

The programme emphasises sustainable farming techniques, which include efficient water management, reduced use of chemical fertilisers and pesticides, and the promotion of organic cotton cultivation. These practices not only ensure the health and safety of the cotton crop but also contribute to the well-being of the environment and farming communities.

In addition to sustainable farming, the programme focuses on ethical and responsible production practices throughout the supply chain. This includes fair labour practices, safe working conditions, and adherence to local and international labour laws. By prioritising these aspects, the programme ensures that the production of Kasturi cotton is not only environmentally sustainable but also socially responsible.

The packaging and labelling of Kasturi cotton also adhere to sustainable practices. The bales are packed in environmentally friendly materials, and the labelling includes detailed information about the cotton's origin and quality, further reinforcing the commitment to transparency and sustainability.

The Process of Registration

The registration process for Kasturi cotton producers is designed to ensure that only cotton that meets the stringent quality and sustainability standards of the programme is certified.

To begin the registration process, cotton ginning units and other supply chain participants (such as cotton traders, spinners, processors, and garment manufacturers) must apply for registration under the Kasturi cotton programme. This involves paying an annual registration fee and submitting a detailed application form which includes information about the unit's operational practices, compliance with relevant standards, and commitment to the Kasturi cotton programme's objectives.

Once the application is submitted, TEXPROCIL conducts a thorough review of the application, contract, and payment. This review process includes an audit and inspection of the ginning site or supply chain unit. The audit ensures that the unit complies with the programme's standards, including fibre quality, packing, and marking of bales, and traceability mechanisms. Units already registered for other certification programmes (such as GOTS, BCI, GCC, or CCI) may be exempt from physical audits, streamlining the registration process.

Upon successful verification, the unit is granted membership status, and a Unique Registration Number (URN) is generated. This URN is essential for tracking and traceability throughout the supply chain.

Cotton samples are then drawn from each lot and tested at National Accreditation Board for Testing and Calibration Laboratories (NABL) Accredited Labs to confirm fibre quality standards. The testing includes evaluating various quality parameters such as strength, length, and colour. The results of these tests determine whether the cotton meets the programme's quality criteria.

Once the cotton passes the quality and origin verification, it is granted the Kasturi cotton brand label (Transaction Certificate). This certificate is valid only for the tested and approved lot, and the Kasturi cotton brand logo can be used only on products covered under that specific lot.

Paving the Way for Long-term Growth in the Textile Industry

The future of Kasturi cotton involves expanding its market reach, building stronger relationships with international buyers, and continuously innovating to meet the evolving demands of the global textile industry. The brand is expected to stimulate growth across the entire cotton value chain, from farmers to fashion brands, by providing a product that is in high demand due to its superior quality and ethical production.

Furthermore, the Kasturi cotton programme is likely to encourage the adoption of sustainable and environmentally friendly practices in cotton farming and processing. The fibre's journey from the fields of India to the global market is a testament to the country's prowess in agriculture and textile manufacturing.

Source: fibre2fashion.com– Jan 23, 2024

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In a major push, India looks to establish "world-class" brand of cotton

India's government has launched a large-scale initiative to put branding power behind its position as the largest cotton-producing country in the world.

The project will promote Kasturi Cotton as a premium brand and will also provide end-to-end traceability and certification using blockchain technology across the value chain. The latter is being handled by the Cotton Textiles Export Promotion Council (Texprocil) in association with the Cotton Corporation of India.

Third-party agencies vetted by Texprocil will carry out verification visits, drawing and testing of samples, test evaluations and granting of the Kasturi Cotton Brand label.

The cotton will be grown across India, adhering to a set of standards designed to ensure softness, luster, strength and purity.

"It's being called 'the spiritual fiber of India,'" explained Vijay Agarawal, chairman of home textiles manufacturer Creative Group and Vice Chairman of Texprocil.

Backed by a $2 million promotional budget for 2024, this year's initial output is expected to be modest with roughly 100,000 bales coming to market. The project is scaling up as more farmers, ginners, spinners and other members of the value chain sign onto the program.

Source: hometextilestoday.com– Jan 23, 2024

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Red Sea crisis hurts Indian exports as costs soar

The costs of Indian exports and ocean freight rates for goods from Asia to Europe have more than doubled, led by high insurance premiums payouts and container expenses, exporters and industry officials said.

Most Indian exports are now going around the Cape of Good Hope in the southern tip of Africa, adding up to 4000 nautical miles and 14 days.

Importance of the Red Sea

The Red Sea, one of the world's busiest shipping routes, lies south of the Suez Canal, a crucial waterway connecting Europe to Asia and east Africa. At its southern end of the Red Sea is a narrow strait of water between Djibouti and Yemen: the Bab el-Mandeb strait, an area Houthi rebels in Yemen have relentlessly targetted in solidarity with Palestinians, a fallout of the Israel-Hamas conflict.

Nearly 80% of India's trade with Europe, estimated at nearly $15 billion a month, passes via the Red Sea, according to industry estimates. "Shipping companies are demanding more containers now as they avoid red sea.

Therefore, shipping companies and leasing companies have placed more than 750,000 TEU (20-foot equivalent unit) ISO container orders out of China in the last two months," Container xChange, a global platform, said in a note last week.

Impact of the disruption

A global clamour for more containers – the bedrock of international shipping -- has directly impacted Indian shippers by raising container booking costs by 40%, an industry official, who asked not to be named, said.

"In the wake of the ongoing crisis, container freight rates for exports from India have experienced a relentless and impactful surge. The epicentre of this surge lies in the crisis zone itself, particularly at Red Sea ports, witnessing staggering increases of up to 850% in container freight costs from pre-crisis levels," said Vir Kotak, founder, Propelor, a logistics company.

Soaring shipping costs, along with oil prices, are stoking fears of renewed inflationary pressures. Manufacturers and retailers too are again juggling delays, which has added to costs.

A standard 24-foot-long container to Europe now costs nearly $1600-$1700, up from $500-600 before the Red Sea crisis erupted, an exporter said, wishing anonymity.

The container price sentiment Index (xCPSI), a sentiment tool by Container xChange to measure market sentiment for container price development, reached an all-time high last week as container price anticipation peaks.

This indicates that the supply chain professionals are expecting these prices to further shoot up significantly in the coming weeks, the leading container platform said.

Impact on India and New Delhi’s response

The Union government has set up an interministerial group anchored at the commerce ministry to monitor the crisis arising from a violent regional spillover of Israel's war with Hamas, disrupting global trade.

Fertiliser shipments headed for India are now taking up to 20 days, up from 14 says, a fertilizer department official said, requesting anonymity. The interministerial committee, led by an additional secretary-level officer, met exporters and logistics providers last week to discuss plans to keep shipments going, Union commerce secretary commerce secretary Sunil Barthwal said. The committee consists of representatives from ministries of defence, shipping and external affairs.

India’s exported inventories are enough to last a month, a key reason why the country’s exports and imports haven’t been seriously impacted but the situation in the Red Sea region is evolving on a “daily basis”, requiring constant vigil and updates, a second official said.

The government is exploring ways to cushion increased logistics costs to Indian shippers. “India is prepared to respond quickly if the situation escalates and prolongs,” Union commerce minister Piyush Goyal said in a briefing on Saturday.

The government is talking to the Export Credit Guarantee Corporation Ltd to lower interest rate for exporters whose insurance costs have gone up because of the conflict, Barthwal said. The government is also planning alternative routes and looking at ways to reduce container costs for shipments.

Global impact

In its latest report on global economic prospects, the World Bank says the Middle East crisis, with the war in Ukraine, "could disrupt trade, lead to surging energy prices, with broader implications for global activity and inflation".

The disruption to trade is the most severe since the Covid-19 pandemic and has raised the costs of moving goods by sea to the highest levels recorded outside that period, according to a Financial Times report.

Source: hindustantimes.com– Jan 23, 2024

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Customs can ask for purchase invoices from exporters claiming DBK, Rodtep

As traders, we buy goods from the domestic market and export, claiming duty drawback at All Industry Rates and Rodtep benefits. Are the Customs justified in asking for our purchase invoices?

Yes. Rule 9 of the Customs and Central Excise Duties Drawback Rules, 2017 and proviso at Para 2(1)(b) of notification no.76/2001-Cus (NT) dated 23rd September 2021 put a cap on the amount of drawback and Rodtep credit that can be granted, based on the market price of the goods.

I refer to Sections 25A and 25B of the Customs Act, 1962 that deal with inward processing of goods and outward processing of goods. Can we opt for the dispensations given here for importing or exporting goods for job-work?

No. These Sections, introduced through the Finance Act, 2018, require the government to issue exemption notifications. Almost six years have passed; still, the government has not issued any notification under these Sections. So, they remain inoperative.

I am not satisfied with your reply that in respect of exports of SCOMET items under GAEC the government wants to ensure that the exporter has enough confidence in the buyer/end user to take responsibility for their actions. (SME Chatroom January 9, 2024). My point is that even if we do all the due diligence and even incorporate a clause in the purchase order that the items exported shall not be used for any purpose other than the purpose(s) stated in the EUC (End User Certificate) and that such use shall not be changed nor the items modified or replicated without the prior consent of the Government of India., it is not possible for us to ensure that the buyer/end user will always comply with that condition. We have no control once the goods leave our hands. So, please advise us how we can proceed?

As the Para 10.16 A.II.b.ii of HBP reads today, the applicant exporter is required to declare that the items that are intended to be exported shall not be used for any purpose other than the purpose(s) stated in the EUC

(End User Certificate) and that such use shall not be changed nor the items modified or replicated without the prior consent of the Government of India. I agree that this provision is unreasonable but so long as the provision exists, the government is likely to insist that you comply with that requirement. I think you should represent to the DGFT your difficulty in giving such a declaration and pursue the matter till that provision is changed.

Section 65A was inserted in the Customs Act, 1962 through the Finance Act, 2023 providing for levy of Integrated GST and Compensation Cess on goods imported for manufacturing in bonded warehouses. This Section was to take effect from a date to be notified by the government. Has this Section come into effect and if so, since when?

No. The government has not yet notified the date when the provisions of this Section will come into effect.

Source: business-standard.com– Jan 23, 2024

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India can emerge as leading low-carbon economy by 2050: Wood Mackenzie

India has a unique opportunity to emerge as a leading low-carbon economic powerhouse with a $13-trillion economy by 2050 by investing in clean energy technologies and market-driven policies, UK-based research and consultancy group Wood Mackenzie's latest Horizons report suggests.

The country is now the world's third-largest emitter, relying heavily on fossil fuels. The consulting firm's net zero scenario for 2050 warrants India to raise its non-fossil fuel electricity generation to almost 80 per cent. The country must establish low-cost domestic supply chains for large-scale solar and wind power and invest in off-grid and decentralised renewable energy systems.

The scenario stresses on the need for a transparent carbon-pricing mechanism to incentivise investments in carbon capture, utilisation and storage (CCUS), green hydrogen, renewables and bioenergy.

The report, titled 'Chance of a Lifetime: can India show the developing world a unique path to net zero?', says India faces the unique challenge of decarbonising newer production units than other major economies, presenting an opportunity for industrial growth through low-carbon technology manufacturing.

The Panchamrit initiative, presented at COP26 in 2021, plays a key role in promoting the rapid development of renewable energy in India. The strategy aims at generating 500 GW of non-fossil-fuel electricity by 2030, requiring India to nearly triple its non-fossil-fuel capacity in six years.

Achieving half of energy needs from non-fossil fuel sources could result in a cumulative reduction of 1 billion tonnes of carbon emissions by 2030, the report suggests. It calls for economic growth tied to sustainability, especially in manufacturing sectors.

Source: fibre2fashion.com– Jan 23, 2024

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India remains net importer of polyester yarn in 8M FY24

India experienced a 65 per cent surge in polyester yarn imports during financial year 2023 (FY23), while exports plummeted by 38 per cent year-on-year, according to CareEdge Ratings. This marked a significant turning point, with India becoming a net importer of polyester yarn for the first time in a decade, a trend that persisted into the first eight months (8M) of FY24. The influx of cheap imports from China led to an oversupply in the domestic market, severely impacting the pricing power of Indian manufacturers and causing a contraction in their export volumes.

During the calendar year 2022 (CY22), global fibre production totalled 116 million tonnes, with polyester fibre accounting for 54 per cent. China, as the largest player, significantly overshadowed India, the second-largest producer, in the global polyester yarn market.

India's domestic production of polyester yarn ranges between 4.5 to 5 million tonnes annually, with over 80 per cent consumed within the country. However, FY23 saw a drastic shift in India's polyester yarn trade dynamics, primarily due to China's zero-COVID policy impacting its domestic textile consumption.

Despite a slower recovery of the Chinese economy, manufacturers there continued production unabated, leading to the dumping of surplus polyester yarn in global markets at lower prices, including India, as per CareEdge.

The operating profitability of Indian polyester yarn players, which had seen substantial improvement in FY21 and FY22 due to healthy sales volume growth and increased average sales realisation, suffered in FY23. The industry's profit before interest, lease rentals, depreciation and taxation (PBILDT) margin was significantly affected by the competition from cheaper imports, leading to a decline in average sales realisation.

The capital structure of the industry, however, remained relatively stable, with total debt to PBILDT ratios better than historical levels, supported by debt reduction efforts in previous years. The total outside liabilities to total net worth (TOL/TNW) ratio was comfortable at 0.81x as of March 31, 2023.

To combat the influx of inferior quality imports, the government of India implemented a Quality Control Order (QCO) on polyester yarn, including fully drawn yarn (FDY) and partially oriented yarn (POY). The Bureau of Indian Standards (BIS) played a crucial role in ensuring compliance with these standards. The implementation of BIS, initially scheduled for April 2023, was postponed twice, eventually taking effect from October 5, 2023. This led to a surge in imports in September 2023 due to pre-buying, followed by a significant decline of nearly 60 per cent in November 2023 compared to the previous year.

Looking ahead, CareEdge Ratings anticipates a reduction in polyester yarn imports, potentially allowing Indian industry players to increase prices and improve average sales realisation. The polyester yarn spread is expected to improve, with a gradual improvement in PBILDT margin from Q3FY24 onwards.

A more meaningful improvement is forecast from Q4FY24, with a resurgence in domestic demand in key markets like China, the US, and Europe expected to narrow the demand-supply gap and revive export demand for Indian polyester yarn manufacturers.

Source: fibre2fashion.com– Jan 23, 2024

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Shahi exports excels in sustainability advancements

Shahi Exports Ltd., a prominent player in India's fashion industry, shows progress in sustainability, outlined in its second sustainability report titled "Moving the Needle." Harish Ahuja, Chairperson and Managing Director, incorporated sustainability into business operations.

The company has enhanced water recycling and achieved 92.5MW in renewable energy capacity, aiming for 100 per cent by 2026. Shahi partnered with Fashion for Good and the Organic Cotton Accelerator for innovative solutions.

Moreover, it eliminated coal from garment factories, achieving 70 per cent renewable energy use and aspiring for 100 per cent. Anant Shahi, Head of ESG, highlighted the challenge of eliminating coal in textile making.

"The journey towards coal elimination has required retrofitting boilers to accommodate biomass. Notably, our traditional reliance on coal for on-site energy generation has been progressively replaced by biomass, resulting in 36 percent carbon-neutral energy, with a goal to achieve a 50 percent carbon-neutral energy status by 2026," as per Shahi.

The transition involves retrofitting boilers, achieving 36 per cent carbon-neutral energy, with a target of 50 per cent by 2026. Shahi stated "As the industry inches closer to its 2025 and 2030 goals, there is a growing realization that we need to move faster. We need more investments, collaboration, and radical innovation to achieve our collective goals of sustainability."

Source: apparelresources.com– Jan 23, 2024

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Curb on overseas sale of agri products may hit exports

Indore: Export from Madhya Pradesh, a leading agriculture commodities growing state, may remain flat or edge down in the ongoing fiscal ending March due to export curbs on wheat, sugar and rice, said a senior official from directorate general of foreign trade on the sidelines of an event.

“Even though we have very good food production and favourable export condition in the state, the ban on exports of wheat, sugar and non-basmati rice may result in stagnant or slow exports in the fiscal year 2023-24 since Madhya Pradesh is one of the largest exporters of these commodities.” said Suvidh Shah, DGFT joint director, Madhya Pradesh on the sidelines of the export conclave.

Cereals contribute around 13 per cent in the total export basket of Madhya Pradesh. In FY 2022-23, exports from Madhya Pradesh stood at Rs 65,878 crore, up 13 per cent from a year ago. Of these, exports of cereals were Rs 8,711 crore.

Rice exports between April 2023 and November 2023 stood at Rs 2,423 crore, latest data from the DGFT showed. Total exports of rice and wheat were Rs 2,920 crore and Rs 5,325 crore respectively in FY 23.

More than 5000 items are exported from MP like pharmaceuticals, cereals, machinery, cotton, textiles, plastic articles, automobile, edible vegetables and among others.

Shah expects an encouraging growth in exports from the state in the next financial year led by engineering products and rice.

“Exports from MP in the next financial year 2023-24 may go up due to engineering products and the setup of several rice mills in the eastern part of the state. Around 200 rice factories have come in eastern MP in the last fiscal and these industries will help in lifting exports of rice,” said Shah.

The export conclave organised by Federation of Indian Export Organisations (FIEO), saw participation from more than 80 exports of Indore and nearby areas and interactive sessions with senior government officials from DGFT, customs on export insurance and export related schemes.

Speaking on the sidelines of the event, Rajesh Kumar Mishra, ADGFT, Mumbai said, "Export growth is stagnating. It is a difficult year for exports based on what we see from the national figures. Overall volume is coming down due to various geo-political factors."

He said PM Mitra Park is very well designed and is seen giving a fillip to the country's textile exports.

Source: timesofindia.com– Jan 24, 2024

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