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IBTEX No. 17 of 2024 **January 29, 2024**

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USD	EUR	GBP	JPY
83.14	90.13	105.60	0.56

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INTERNATIONAL NEWS

Global trade being disrupted by Red Sea attacks, war in Ukraine, says UN

The UN trade body sounded an alarm on Thursday that global trade is being disrupted by attacks in the Red Sea, the war in Ukraine, and low water levels in the Panama Canal.

Jan Hoffmann, a trade expert at the United Nations Conference on Trade and Development known as UNCTAD, warned that shipping costs have already surged and energy and food costs are being affected, raising inflation risks.

Since attacks by Yemen's Houthi rebels on ships in the Red Sea began in November, he said, major players in the shipping industry have temporarily halted using Egypt's Suez Canal, a critical waterway connecting the Mediterranean Sea to the Red Sea and a vital route for energy and cargo between Asia and Europe.

The Suez Canal handled 12 per cent to 15 per cent of global trade in 2023, but UNCTAD estimates that the trade volume going through the waterway dropped by 42 per cent over the last two months, Hoffmann said.

Since November, the Iranian-backed Houthis have launched at least 34 attacks on shipping through the waterways leading to the Suez Canal. The Houthis, a Shiite rebel group that has been at war with a Saudi-led coalition backing Yemen's exiled government since 2015, support the Palestinians and have vowed to keep attacking until the Israel-Hamas war ends.

The United States and Britain have responded with strikes against Houthi targets, but the rebels have kept up their attacks.

Hoffmann, who heads the trade logistics branch at Geneva-based UNCTAD, told a video press conference with UN reporters that the Houthi attacks are taking place at a time when other major trade routes are under strain.

The nearly two-year war since Russia's February 24, 2022 invasion of Ukraine and other geopolitical tensions have reshaped oil and grain trade routes including through the Black Sea, he said.

Compounding difficulties for shipping companies, Hoffmann said, severe drought has dropped water levels in the Panama Canal to their lowest point in decades, severely reducing the number and size of vessels that can transit through it.

Total transits through the Panama Canal in December were 36 per cent lower than a year ago, and 62 per cent lower than two years ago, Hoffmann said. Ships carry around 80 per cent of the goods in world trade, and the percentage is even higher for developing countries, he said.

But the Red Sea crisis is causing significant disruptions in the shipment of grains and other key commodities from Europe, Russia and Ukraine, leading to increased costs for consumers and posing serious risks to global food security, Hoffmann said.

This is specially true in regions like East Africa, South Asia, Southeast Asia and East Asia, which heavily rely on wheat imports from Europe and the Black Sea area, he said.

Hoffmann said early data from 2024 show that over 300 container vessels, more than 20 per cent of global container capacity, were diverting or planning alternatives to using the Suez Canal. Many are opting to go around the Cape of Good Hope in Africa, a longer and more costly trip.

Hoffmann said ships transporting liquified natural gas have stopped transiting the Suez Canal altogether because of fears of an attack. As for costs, he said, average container shipping spot rates from Shanghai have gone up by 122 per cent since early December, while rates from Shanghai to Europe went up by 256 per cent and rates to the US west coast by 162 per cent.

Here you see the global impact of the crisis, as ships are seeking alternative routes, avoiding the Suez and the Panama Canal, Hoffmann said.

Source: business-standard.com– Jan 26, 2024

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2024 starts stronger in UK, manufacturing output contracts: S&P GMI

UK business activity growth accelerated for a third consecutive month in January this year, early purchasing managers' index (PMI) survey data show, marking a promising start to the year, according to S&P Global Market Intelligence.

The seasonally-adjusted S&P Global UK composite output index rose from 52.1 in December to 52.5 in January. Economists had anticipated a reading of 52.2.

The rise signals increased output for a third month running after three months of decline, boding well for the UK to avoid a recession, Chris Williamson, chief business economist at the company, wrote on the its website.

The data point to the economy growing at a quarterly rate of 0.2 per cent after a flat fourth quarter, therefore skirting recession and showing signs of renewed momentum.

Businesses have also become more optimistic about the year ahead, with confidence rebounding to its highest since last May.

At its current level, the PMI is broadly indicative of gross domestic product (GDP) growing at a quarterly rate of 0.2 per cent at the start of the year, Williamson wrote.

Manufacturing output, meanwhile, contracted for the eighteenth time in the past 19 months. The rate of decline hit the fastest since October last year and was broadly consistent with factory production falling at a steep quarterly rate of more than 2 per cent.

New orders for goods likewise declined at a markedly increased rate, partly due to falling exports.

Manufacturers commonly cited weak demand both at home and abroad and the ongoing squeeze on households from the increased cost of living.

Manufacturing also reported growing issues with supply chains, amid intensifying disruptions to shipping in the Red Sea. There is also scope for the manufacturing supply chain situation to worsen further in the near term, Williamson observed.

Business confidence about the 12-month outlook rose to the highest since last May, also rising above the pre-pandemic average for the first time since May.

Source: fibre2fashion.com– Jan 28, 2024

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China: textile and clothing exports down 8.1% in 2023

China exported the equivalent of 293.6 billion dollars (269.4 billion euros) worth of textiles and clothing last year. This represents a fall of 8.1%, and of 2.9% adjusted for exchange rate effects, according to figures released by the Chinese textile sub-council CCPIT-Tex.

Despite the challenges posed by the uncertainties affecting the global clothing market, CCPIT-Tex says it is confident that the gradual modernisation of its equipment and the move upmarket in its product range will help it to meet these challenges.

The lower figures for 2023 should be seen in the light of the exchange rate fluctuations that affected China during the year.

The value of the dollar fell to 6.73 yuan in February before climbing to 7.34 yuan in September, before stabilising at around 7.10 yuan in early 2024. These fluctuations have accentuated the effects on exports of a Western market hit by inflation.

Last year, China exported a total of 134.5 billion dollars' worth of goods in textiles alone, representing an increase of 8.3% in dollars and 3.1% in yuan.

Clothing exports totalled $159.14 billion, according to CCPIT-Tex. This represents a fall of 7.8% in dollars and 2.8% in yuan.

These falls can be attributed to a very bad start to the year, when Beijing lifted the restrictions linked to its strict "zero Covid" policy. However, CCPIT-Tex notes that "from April 2023, positive monthly growth resumed, showing a marginal but significant improvement".

It points out that the year ended with a December marked by increases of 5.2% and 3.5% in textile and clothing exports compared to December 2022.

"At present, Chinese textile industry exports to major markets such as the United States and Asean (Association of Southeast Asian Nations) have stabilised," notes the Chinese textile sub-council, which points to three months of consecutive 5% increases in textile-clothing exports to the

United States. Exports to Asean, however, contracted by more than 10 points over the January-November period.

The figures also show that countries building the "New Silk Road" with China (including Bangladesh, Cambodia, Indonesia, Burma, Pakistan, the United Arab Emirates, Egypt and Turkey) account for more than 50% of China's textile and clothing exports.

"Exports to countries such as Russia, Kazakhstan, Saudi Arabia, Singapore, Algeria and others have performed exceptionally well," adds the representative body of the Chinese textile industry.

Source: fashionnetwork.com– Jan 25, 2024

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Global ocean freight shipping rates forecast to surge in early Feb

Ocean freight shipping rates are poised to rise significantly in early February, amidst the ongoing crisis in the Red Sea, according to the data released by Xeneta, a leading ocean freight rate benchmarking platform.

The data suggests that the market average short-term rates for shipping from the Far East to the Mediterranean are expected to see an 11 per cent increase by February 2, reaching $6,507 per forty-foot equivalent unit (FEU). This marks a staggering 243 per cent rise since the Red Sea crisis intensified in mid-December, as per Xeneta.

Similarly, shipping rates from the Far East to North Europe are anticipated to climb by 8 per cent by February 2, with a market average of $5,106 per FEU. This represents a 235 per cent increase since mid-December.

However, the most significant surge in rates is observed in the Far East to US East Coast trade route. According to Xeneta's data, rates on this route are expected to jump by 17 per cent by February 2, bringing the average short-term rate to $6,119 per FEU. This is a considerable increase of 146 per cent since mid-December.

“Carriers are trying to readjust services to make up for the additional sailing time around the Cape of Good Hope. For example, they are cutting journeys short, missing port calls and increasing sailing speed. However, despite this, the early data from Xeneta suggests rates will continue to rise as we head into February,” said Peter Sand, Xeneta chief analyst.

Source: fibre2fashion.com– Jan 28, 2024

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UAE, Vietnam accelerate negotiations for proposed CEPA

Vietnam and the United Arab Emirates (UAE) recently agreed to accelerate negotiations for a proposed bilateral comprehensive economic partnership agreement (CEPA) and conclude it soon.

UAE minister of state for foreign trade Thani bin Ahmed Al Zeyoudi visited Hanoi on January 24 and met Vietnam's industry and trade minister Nguyen Hong Dien.

Dien urged the UAE government to facilitate business delegation exchanges and coordinate trade promotion activities. He also called on UAE businesses to invest in Vietnam in areas of mutual interest, according to a news agency report.

The UAE is the largest export market and the second-largest trade partner of Vietnam in West Asia now after Kuwait.

Vietnam's exports to the UAE reached over $4 billion last year and its imports from there hit over $676 million, marking a year-on-year increase of 4.3 per cent and 16 per cent respectively.

Source: fibre2fashion.com– Jan 27, 2024

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Turkish textile industry is hopeful for 2024 despite difficulties

The Turkish textile industry, facing a tough test in 2023 with the contraction in European markets, high inflation, increasing production costs and exchange rates, expects a positive outlook, especially in the second half of 2024.

The sector managed to maintain its market share despite the decline in export figures and employment in 2023. While the importance of support and incentives is emphasised to increase the momentum again in the new year, it is stated that companies should transform themselves in terms of branding. Focusing on new markets this year, the sector will support the development of exports with the trade delegations it organises.

TIM (Turkish Exporters Assembly) President Mustafa Gültepe, announcing Türkiye's general exports in 2023 and 2024 expectations, stated that Türkiye exported 255.8 billion dollars in 2023 increasing its share of global exports from 1.02 percent to 1.06 percent. Noting that automotive is the export champion with 35 billion dollars, he reminded that chemicals ranked second with 30.5 billion dollars and garment and apparel ranked third with 19.2 billion dollars.

Indicating that the success achieved despite the contraction in the markets and the loss of competitiveness of some sectors due to high costs in the country, he disclosed: "We see that garment, which ranks third among the sectors with the highest exports, has lost markets in 39 countries and steel, which ranks fifth, has lost markets in 43 countries. Despite the market losses, the export figure we achieved in 2023 gains a bigger meaning."

TIM, creating the road map for a total of 402 billion dollars of goods and services exports in 2024 and aiming to start the second hundred years of the Republic with a record, will focus mainly on major markets such as the USA, China and India in 2024.

Turkish textile industry lost 10 percent in 2023

Speaking to Bloomberg HT channel, Chairman of the Board of Directors of Istanbul Textile and Raw Materials Exporters' Association (İTHİB) Ahmet Öksüz said that they closed the year 2023 below their targets and continued: "Until 2023, we had always come by announcing records in

exports. Just as the textile side, we closed the year 2022 with 12.9 billion dollars. We suffered a loss in 2023 and we suffered a loss of around 10 percent."

Remarking that the contraction in the market also had an effect on these results, Öksüz continued his words as follows: "What consoled us was that we maintained our market share.

Last year, especially the European market, our biggest market, contracted by 17.6 percent. We lost 1 billion dollars from there. As textile industry and garment sector, we dropped from 30 billion dollars to 28.5 billion dollars". Saying that 2023 was a difficult year, he signalled that this year will not be easy either.

He pointed out that their own foreign currency-based costs have increased since the increase in exchange rates is far below the inflation and wage increases, underlining that wage increases have a very important share in cost increases, especially since they are a labour-intensive sector. He added that there is an increase of approximately 10 percent in costs.

Is the regional minimum wage model a solution to the decline in employment?

Drawing attention to the fact that the minimum wage cost of the employer in foreign currency is approaching one thousand dollars today, Ahmet Öksüz noted that this has also caused losses in employment and that employment figures have decreased from 1 million 300 thousand to 1 million 100 thousand.

He mentioned the importance of the regional minimum wage issue, which is brought to the agenda from time to time, saying: "We need to position the labour-intensive sectors, especially in the districts. We have big districts in Anatolia.

The labour force is still available there. In these places, work can be done very easily, and employment can be created with a model below the normal minimum wage. You should have a reason to take the employer there". Highlighting that it is necessary to put the regional minimum wage on the agenda again, he disclosed; "To protect employment, at least in labour-intensive sectors, I think we should not postpone this."

“We expect the second half of 2024 to be better”

Ahmet Öksüz reminded that Türkiye is an important partner for Europe with its geographical proximity and speed of supply, indicating that the increases in freight charges from the Far East to Europe and the West have actually started to create a positive demand for them. He continued his words as follows: “Of course, a very fast recovery would be a bit too optimistic, but we expect the second half of 2024 to be better. This, for sure, also depends on the developments outside and the revival of the market in the West.”

Referring to the need for companies to undergo a transformation on the other hand, he remarked that the textile industry 10-20 years ago was very different from today’s textile industry and that it will be different 10 years from now. In this regard, he emphasised that it will be necessary to focus on branding a little more.

“Türkiye should maintain its competitiveness to develop in exports”

Saying, “Even though our main market is Europe, we care about new market openings,” Ahmet Öksüz pointed out: “In this sense, we are already organising trade delegations as İTHİB. This year we are organising trade delegations to countries such as Mexico, Colombia and Australia. These are new markets for us.

We organise buying delegations from these countries. Although we see that exports are shrinking, there are countries where we have increased our market share in exports. We will concentrate a little here. New markets are also important for developing our exports.” He noted that they want to develop exports like everyone else and emphasised the effect of competitiveness at this point drawing attention to the importance of exchange rates in this sense.

Source: textilegence.com– Jan 26, 2024

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H&M to Close One-Fifth of Stores in Spain, Axe 590 Workers

H&M Group is planning to shutter 28 stores and lay off nearly 590 workers in Spain, the Swedish retailer confirmed Friday.

Two of the country's trade unions, Comisiones Obreras and Unión General de Trabajadores, first revealed the news to Reuters, noting that the company is downsizing for unspecified organizational, productivity and economic reasons.

The closures target more than one-fifth of H&M's 133 stores in Spain, where it employed almost 4,000 workers in 2022, according to its latest annual report.

In a statement from a spokesperson, H&M said that having stores in the right locations and staying competitive was a priority and that it is "consistently" assessing its store portfolio, something that involves "enhancing the shopping experience in our existing stores, actively seeking out new opportunities and making informed decisions about closing stores when necessary."

The move comes barely a year after the Cos and Monki owner announced that it was trimming its overall workforce by roughly 1,500 positions in an effort to tame administrative and overhead costs.

"The cost and efficiency program that we have initiated involves reviewing our organization and we are very mindful of the fact that colleagues will be affected by this," CEO Helena Helmersson said at the time. "We will support our colleagues in finding the best possible solution for their next step."

The job losses are part of a larger trend of cuts designed to streamline operations and return inflation-battered businesses to pre-Covid levels of profitability. Boohoo, Fruit of the Loom, Levi Strauss and REI have all revealed layoffs within the past week. Amazon, eBay, Etsy, Fantatics, Macy's, Nike, Renewcell, VF Corp., Wayfair and a host of logistics providers have also been rocked by reductions.

In December, H&M characterized fourth-quarter net sales from September through November as “flat” compared with last year, amounting to 62.6 million Swedish kroner or nearly $6 million. In total, the company’s net sales dropped by 4 percent in local currencies compared with the corresponding quarter last year.

For the financial year covering Dec. 1, 2022, to Nov. 30, 2023, net sales increased by 6 percent to 236 billion kroner, or $22.6 billion. A full-year report will be published at the end of the month.

The unions said that H&M in Spain had faced problems with absenteeism and workers complaining of being overburdened. But they noted that the layoffs are “too aggressive and it is possible to look for solutions which don’t imply job losses.”

Earlier this month, the Spanish government said that it would be raising the mandatory minimum monthly pay by 5 percent to 1,134 euros ($1,232), effective retroactively to Jan. 1. Because Spain disburses its wages in 14 installments every year, this amounts to an annual floor salary of 15,876 euros ($17,247).

But H&M “never showed any weird behavior and was complying with a pay raise agreed last year,” the unions said, referring to an agreement the company made to pay shop assistants in Spain an extra 1,000 euros ($1,086) for 14 months, plus additional monthly bonuses linked to sales performance for the next two years, following walk-outs by disgruntled employees last June. Workers had claimed that H&M paid less than its major rivals, including Inditex-owned Zara, which is headquartered in Spain.

Spain accounts for 3.7 percent of H&M’s global workforce, according to its 2022 report.

Source: sourcingjournal.com– Jan 26, 2024

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Paris Wants to Set Example of Sustainability in Fashion

Five years ago, a small but significant group of industry stakeholders came together to create Paris Good Fashion with the ambition of pushing the Paris-based fashion industry toward more sustainable practices. It had around 10 founding members, including LVMH Moët Hennessy Louis Vuitton and Galeries Lafayette, with an initial roadmap to end this year ahead of the Olympic Games.

"We set ourselves the challenge of becoming the sustainable capital of fashion, and we think we achieved our mission," said former fashion journalist Isabelle Lefort, cofounder of Paris Good Fashion, ahead of an event earlier this week to chart the project's achievements and outline its roadmap for the next half-decade. "Now, more than 100 companies are part of the association; our members represent around 60 percent of sector revenues," Lefort said.

The aim is to share best practices and concrete initiatives, and co-create new ideas in order to allow the industry as a whole to reduce its environmental impact.

The voice of each member, from start-ups to luxury conglomerates, has the same weight, facilitating exchanges on an equal footing. The approach has resulted in around 40 different concrete actions over the past five years, Lefort said. "Working together on specific, concrete subjects, we can move the needle for the sector."

For example, a pilot in the Paris region for reducing and recycling plastic bags and coat hangers at retail led to a reduction of 21 tons of plastic waste. Members also created a glossary of sustainable fashion featuring 355 definitions that all members agreed upon to ensure everyone was speaking the same language. Learnings from the initiative are available to members and non-members alike either via the organization's website or through open-source tools. "There are a lot of things we can amplify and share," Lefort said.

The organization also has the backing of the Paris mayor's office, the IFM, the Fédération de la Haute Couture et de la Mode, creative platform Eyes on Talent and the Ellen MacArthur Foundation. Chanel, Etam, Kering and Richemont are also among its biggest corporate members.

While Lefort believes the organization met its initial ambitions, it now intends to go further, laying out a new roadmap for 2030. One of its first initiatives will be the creation of a so-called "ACT Methodology" for the fashion and luxury sectors similar to those that have been built for the energy or paper industries, for instance, a framework to help industry players with concrete measurement tools to reduce their environmental footprints.

"It's an internationally recognized methodology for measuring the credibility of companies' decarbonization strategies," Lefort explained. "It's been done in sectors including energy, paper and it's the first time for fashion. Today, there are about 12 companies involved in working on this, including LVMH, Chanel, Richemont, Etam, Galeries Lafayette and La Poste. Starting in February, we will launch a public consultation for two months so all companies in France and abroad can participate. The second part, in April and May, will involve around 15 international companies that will try out the methodology so it can be made available internationally," she continued.

This is particularly crucial, given new European regulations on traceability and sustainability reporting that will make their mark felt on fashion players operating throughout Europe over the next couple of years.

"We did a survey a year ago of the state of advancement of all of our members. In five years, everyone has made progress on eco-design, traceability, etc. But there was no common framework, there was no harmonization," Lefort said.

"Today, traceability and measurement with an ACT Methodology means everyone needs to be aligned. If we want to progress, we need to be able to measure. We need to be able to provide tangible proof of our actions."

She continued, "In order to convince people, you need to be able to measure the impact of the transition, how much it will cost, what will be the return, and what will be the added value of the products."

Following a questionnaire with members, one major priority for the next five years will be working on inclusivity, with the potential implementation of training programs to help the industry better approach the issue.

Another 2030 goal is to set an example for the rest of the world. “We aim to make Paris an example of a capital of sustainable fashion,” Lefort said. Sustainable fashion expert François Souchet, who previously worked at the Ellen MacArthur Foundation, began working with the organization in January with just this in mind. “We must promote and amplify these tools internationally,” Lefort said.

“There is exceptional dynamism in France, thanks in part to legislators, who, compared with the EU and the rest of the world among the most incitive, and big French companies, which are strongly represented in the luxury goods industry, which means financial means and reporting obligations,” Lefort said. “We need to be able to create measurements applicable to all, not just in France, but internationally. That’s why Paris needs to set an example.”

Source: sourcingjournal.com– Jan 26, 2024

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Recycled materials usage steadily declining globally: Report

Since 2018, the majority of materials entering the economy are new, with the proportion of secondary, recycled materials steadily decreasing, as per the Circularity Gap Report 2024 by Deloitte and Circle Economy Foundation. This decline is occurring despite the growing popularity of the circular economy concept, which focuses on reducing the consumption of virgin materials and maintaining the continuous use of resources.

The report pinpoints three critical areas for reform to hasten progress towards circularity: policy, finance, and employment. It emphasises the importance of government and industry leaders transitioning from mere commitments to concrete actions.

This includes adopting policies and frameworks that encourage circular practices and discourage harmful ones, adjusting fiscal policies to reflect the true social and environmental costs of products and services, financing circular solutions to supplant linear norms, and ensuring a skilled workforce to support a just transition.

Accompanying the release of the report, Deloitte announced a unique partnership with Circle Economy Consulting, an impact consulting firm derived from Circle Economy Foundation. This collaboration aims to assist organisations in realising circular economy opportunities, spanning strategy design, transformation implementation, and progress measurement and reporting.

The partnership is poised to aid businesses in accessing a burgeoning market projected to reach between $2-3 billion by 2026, enabling them to reduce material extraction and enhance supply chain resilience. Leveraging the global expertise of Deloitte's Sustainability & Climate practice, the collaboration will provide comprehensive support, including data analysis, regulatory navigation, organisational transformation with a focus on people and digital, and measurement and reporting.

"Leveraging the Circularity Gap Report, stakeholders are able to prioritise their circular roadmap based on a data-driven analysis. Policymakers, industry leaders, and financial institutions can agree on focus areas and work collaboratively on the systemic change needed to stay within our planetary boundaries," said Ivonne Bojoh, CEO of Circle Economy

Foundation. “To ensure the transition to a circular economy is just and fair, circular solutions must be designed with the world’s most vulnerable populations in mind, then these solutions will reduce inequalities across workforces and increase job opportunities worldwide.”

“Successfully piloting and scaling circularity requires close coordination across business functions and supply chains. Through our relationship with Circle Economy Consulting and Circle Economy Foundation we’ll bring insights from the Circularity Gap Reports directly to businesses to unlock value.

Combined with Deloitte’s end-to-end capabilities, this allows us to create new solutions to help our clients scale circular transformation at the pace and the ambition needed to realise significant commercial opportunity and enable sustainable and resilient supply chains,” said David Rakowski, partner, Deloitte UK, who is leading Deloitte’s global circularity offering.

Source: fibre2fashion.com– Jan 28, 2024

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USA: Cotton Enjoys Bullish Run

Cotton continued its bullish run all week, all but challenging the top end of the yearlong-plus trading range. As expected, price resistance at the 86-cent trading level halted the advance.

The market was boosted by spec and fund traders pouring money into the long side of cotton futures as open interest shot higher on the rally. Yet, also as expected, once the Chinese market showed weakness, so did New York. Thus, the long standing 76-88 cent trading range continues.

Likely the market will settle back to pivoting around the 84-cent mark, although the long-standing supply bullishness has turned even more bullish. That does not rule out another run down to 80 cents, but likely mill fixations between 82 cents will halt any attempt to fall to 80 cents, especially considering the inevitable decline in the size of the U.S. crop.

Unfortunately, do not look for USDA to confirm the smaller crop until April 2024, at the earliest. Oh, if I could only be wrong about that. Nevertheless, look for the May/July futures to challenge the very top of the trading range before the July expiry. The call options you purchased to avoid paying for storage will be of excellent value to you.

The new crop December traded back to 81 cents, buying a few more planted acres and further continued to build a base to move above 85 cents at some point in the marketing year. Too, as commented several weeks ago, and simply based on historical trading patterns, the 2024 crop will see nearly 90 cents or better during the 2024-25 marketing year.

Growers were active sellers during the week (or at least fixed futures contracts) as they should have been. The price rally was an indication of a hungry market, and growers did their part in feeding the higher prices. They will have another chance, but it would be most helpful if USDA would reconcile actual cotton ginnings with the NASS crop estimate sooner rather than later.

Many are suggesting that USDA should increase its estimate of exports. But as the famous football announcer says, not so fast. Export shipments continue to lag the pace required to meet the USDA estimate both year to date and on an almost weeks basis. True, there is the occasional week

when sales are made to a score or more of countries. However, most countries are only token buyers.

Only China and Vietnam are consistent buyers on a weekly basis and will continue to be. Vietnam will buy to feed their spinning mills, while China will continue to rebuild its strategic reserve. Pakistan, Bangladesh, and Turkey are buyers in many weeks, but most other countries have, until now, only come in when prices were 82 cents and below.

Demand, as per the general economy, continues to lag any idea that consumption will improve. Yet, consumers have yet to return to the cotton apparel market at a pace that exceeds the level of inflation. That is, while sales are increasing, the increase is associated with higher prices rather than increased volume of consumption. That is clear, as mills have not been able to pass along higher cotton prices – a phenomenon that further slows the pace of spinning.

While weekly export sales were positive, export shipments were poor. Yearly sales to date are now 9.7 million bales, of which only 4.0 million have been shipped. The USDA estimate for shipments is 12.1 million bales.

The market is now challenged with holding the 84-cent level, basis March, to keep the momentum alive. This will likely occur, at least over the next several weeks as the near void of certificated stocks with March first notice day approaching is setting up a scramble to find deliverable grades.

As commented last week, do not expect to see the top of the trading range to be challenged. Yet, this market has not finished challenging the 86-cent level, basis March. Yet, it may take a trip back to 83 cents before that challenge is mounted.

Source: cottongrower.com– Jan 26, 2024

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China's luxury market set for modest growth in 2024: Bain & Company

China's luxury market is forecast to experience mid-single-digit growth in 2024, building on a 12 per cent year-on-year increase in 2023, as detailed in Bain & Company's latest China Luxury Report.

The 2023 surge, recovering from a pandemic-induced slump, began with a strong first half, yet saw diminished momentum in the second half due to declining consumer sentiment among middle- and high-income earners and a high comparative base from the previous year's third quarter.

The 2023 rebound encompassed all categories within China's luxury market, with Fashion and Lifestyle and Jewellery leading the recovery with growth rates between 15 per cent and 20 per cent. Leather Goods grew by 10-15 per cent, with a focus on lower-priced bag segments.

"The solid double-digit rebound is commendable, but China's luxury market has not fully recovered to its 2021 levels," commented Bruno Lannes, a senior partner at Bain & Company in Shanghai.

He attributed the tempered recovery to economic challenges and increased overseas shopping, noting uncertainties in the post-Covid growth phase, particularly concerning consumer confidence and the evolution of overseas luxury shopping.

Hainan's duty-free sales grew by about 25 per cent in 2023, though still below 2021 levels. This growth was attributed to domestic travel recovery and Hainan government stimulus measures. Interestingly, average spending per shopper decreased by over 25 per cent, likely due to lower discount levels, reduced Daigou activities, and increased consumer rationality.

Two key trends have been shaping China's luxury market and are expected to continue doing so—return of luxury shopping overseas and the evolution of Daigou, a person who facilitates the buying and selling of international products on behalf of a customer in mainland China.

During the pandemic, over 90 per cent of luxury shopping occurred domestically due to border closures. As Chinese overseas tourism resumed, domestic luxury spending is anticipated to drop to 70 per cent

in 2023. Chinese luxury spending in Europe and Asia in 2023 constituted approximately 40 per cent and 65 per cent of their 2019 levels in these regions, respectively.

South Korea's duty-free market, a major source for Daigou, particularly in luxury beauty, is estimated to decline by 30 per cent to around 60–65 billion RMB. This is attributed to restrictions in Daigou commission fees and limited supply of popular beauty products in the Chinese market. However, new, more professional Daigou models are emerging in the Fashion and Leather Goods sectors, adopting a platformised approach to offer consumers aggregated and authenticated shopping avenues.

"The extent of this recovery in 2024 will primarily depend on the speed of economic recovery and changes in travel and lodging costs," stated Weiwei Xing, a partner at Bain & Company in Hong Kong. He also highlighted the importance for brands to implement harmonized global pricing strategies to maintain consumption in mainland China.

In 2023, Chinese luxury consumption was estimated to account for approximately 22-24 per cent of the world's total, with consumption in mainland China comprising about 16 per cent (excluding Daigou). By 2030, Chinese luxury consumption is expected to reach 35-40 per cent of the world's total, with consumption in mainland China reaching 24-26 per cent, solidifying its position as a leading luxury market globally.

Source: fibre2fashion.com– Jan 28, 2024

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Vietnam: Garment producers still struggling to receive more orders

According to the Vietnam Textile and Apparel Association (Vitas), more orders began coming in the fourth quarter of 2023 after many months of interruption as the market warmed up in the Christmas and New Year season. Some businesses received big orders.

The higher purchasing power and lower inventory level have brought high hopes about the market in 2024. However, analysts warn that difficulties will continue to exist amid geopolitical conflicts and inflation around the globe. Vitas has told its member companies to diversify their markets, products and customer range. The association emphasized the need to satisfy requirements on sustainable development by using digital administration and reducing the use of fossil fuels.

They should also spend money on technologies and automation in production lines to ensure fast delivery and high quality of products. Experts believe this will be one of the strategic changes in the textile and garment industry when the number of large and specialized orders decline. Also, garment companies have been advised to make investments in the fashion industry.

Experts point out that the competition in the global market is getting stiffer with the appearance of new producers, while total demand is on the decrease. Vietnam remains a 'bright spot' in the region with political stability, high production capacity, and high level of workers' skills, while remuneration policies are better than its rivals.

Bangladesh, for example, has only 200 out of 4,000 factories meeting the LEED Platinum standard. Bangladeshi companies receive support from the country's mass media in advertisements and image polishing. Meanwhile, the policies and remuneration for its workers remain low, so this won't be a threat to Vietnamese textile and garment companies in the immediate time.

Vietnam's textile and garment companies need to further improve their skills, becoming flexible in production, accepting orders that require high and complicated skills because they can bring high added value.

Hoang Thuy Oanh, deputy general director of Hoa Tho Textile and Garment, said the garment market has five typical characteristics. First, businesses need to take initiative in building solutions, allowing them to respond to new circumstances and reduce possible adverse impact.

Second, Wood Mackenzie has predicted that the global GDP in 2024 may be lower than in 2023 and 2022. The prolonged geopolitical conflicts will put pressure on global consumers, who will cut expenses on non-essential goods, including textiles and garments.

Third, textile and garment companies are seeing opportunities for growth in the US and Japan after Vietnam established comprehensive strategic partnerships with the two countries. Fourth, consumers are changing their habits, shifting to circular fashion products made sustainably. Therefore, garment products will be more specific, from materials to prices.

Fifth, importing countries will be more interested in importers' responsibility and members of supply chains. This includes new requirements for clean energy, recycling, manufacturers' expansion, and carbon tax. This means that more standards and requirements will be set by importers, which will require manufacturers' to have a higher responsibility for the environment and workers.

Oanh said in new conditions, there must be new policies. The company will focus on market development. Marketing officers will have to survey and update information about market demands to make business plans. High attention will be paid to the US and Japanese markets which could be large markets for the company. At the same time, the company will also carry out trade promotion activities to enter the EU, South Korean and Thai markets.

Le Thi Que Huong, deputy general director of Phu Bai Spinning Mill JSC, said the market would still be pale in 2024, at least until the end of the second quarter. The company has carried out a transformation process since 2018, when it began spinning recycled yarn. At present, its three recycled yarn factories are running at full capacity

Source: vietnamnet.vn– Jan 26, 2024

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Cotton price surge to make Pakistani products less competitive globally

Persistent surge in the cotton prices has raised alarm bells, casting a shadow of uncertainty over the textile sector's prospects in 2024, reports WealthPK.

The local cotton market saw the spinners' interest in buying quality cotton, especially during the last week of December, 2023, causing the price to rise by Rs500 to Rs1,000 per maund.

"Cotton production has been on the decline every year due to an unusual increase in the cultivation of sugarcane in the cotton zones of Sindh and Punjab and adverse weather conditions. However, in 2023, the situation changed to some extent and the crop output is much better than the previous years," said Muhammad Akbar, Scientific Officer at the Central Cotton Research Institute, Multan.

However, the heightened interest of textile spinners in buying the superior-grade cotton contributes to a robust demand-supply scenario, influencing a noteworthy escalation in market prices.

He added, "For textile manufacturers, the surge in cotton prices is a tough situation. This surge will cause their overall production expenses to go up, making it harder for them to make profits.

"Imagine running a factory where you turn the raw cotton into clothes, with the prices of that initial cotton material shooting up. This means higher costs at every step of the process, from buying the raw cotton to turning it into the final product.

As a result, the profit margins for the manufacturers will get smaller, creating a tricky and challenging situation for them to navigate in the business world.

"Exporters, another vital component of Pakistan's textile industry, will also grapple with the competitive disadvantage resulting from the elevated production costs. The higher cost of production will make the Pakistani textile products less price-competitive on the global market, potentially impacting the country's share in international trade," Akbar said.

He added, “Cotton consumption by the textile industry this year has dropped considerably; if the conditions persist, more factories might stop working. To navigate these challenges, the policymakers should consider targeted measures, such as providing financial support or incentives to mitigate the impact on manufacturers.”

Source: nation.com.pk– Jan 24, 2024

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Bangladesh: RMG shipping cost climbs for Red Sea diversion

International clothing retailers and brands are still choosing seaways, instead of air, to carry goods from Bangladesh to Europe although the rerouting of ships away from the Red Sea has increased the freight charge by more than 30 percent and added 15 days to the sailing time.

Bangladeshi businesses are feeling the heat of the conflict in the Red Sea, one of the world's busiest shipping lanes, as reinsurers worldwide are charging 3.5 times more premiums to cover the risks brought on by the crisis.

The Red Sea connects Asia to Europe and the Mediterranean, via the Suez Canal. About 12 percent of global trade passes through the Red Sea, including 30 percent of global container traffic.

It emerged as the heart of global tension after Houthi rebels began attacking Israel-linked ships in response to the latter's devastating war in the Gaza Strip in the third week of October. The crisis deepened after the intensification of counter-attacks on the rebel groups by the UK and the US.

As ships are avoiding the Red Sea, they have to take the lengthy detour around the Cape of Good Hope, adding around 4,000 miles or 6,500 kilometres and 10-12 days sailing time to each trip, according to the BBC.

This requires extra fuel, possibly finding alternative ports of call, adjustments to delivery timetables, and rising costs. Air shipment is expensive and it ultimately hits the pockets of western consumers, who are not ready currently to pay more as their purchasing power has already seen erosion because of the lingering higher inflation.

International clothing retailers and brands are also avoiding the air shipment as they have to pay higher compensation if they emit more carbon for carrying goods by air.

Airlines charge more than $2.50 for carrying one kilogramme of goods from Dhaka to different airports in Europe, way up from 30 US cents levied on the same destinations if products are shipped from Chattogram port.

Usually, the lead-time from Chattogram port to European ports is 30 days. It has gone up to 45 days since ships started to taking the lengthy detour around the Cape of Good Hope in Africa in late October.

"Still, we are shipping goods from Bangladesh using the waterways although an additional 15 days and 30 percent additional freight charges are required," said a senior official of a European company, which buys more than $4 billion worth of garment items annually from the country.

If goods are transported by air cargoes, carbon footprint increases and the company will have to pay the compensation, the official told The Daily Star over the phone.

"Rather, it is better to carry the goods through the sea routes."

The freight charge has gone up by more than 30 percent and the company is paying it as it takes part in the garment business under the freight on board (FoB) method. Buyers bear the freight costs under the arrangement.

The European buyer is sending goods on the basis of priorities, he said.

"We have already directed the suppliers to manufacture goods following shipment priority. So far, no air shipment has been made from Bangladesh after the Red Sea crisis broke out."

"We have not gone for air shipments just because of the Red Sea crisis since higher costs are involved," said Shafiur Rahman, regional operations manager of G-Star, a Dutch designer clothing company.

"But we are prioritising the shipments."

He said nearly 5 percent of the goods that the company sources from Bangladesh are usually air-shipped.

However, his company may place fewer orders in Bangladesh because of the longer lead time, Rahman said.

Shovon Islam, managing director of Sparrow Group, a garment supplier, said some buyers are renegotiating orders as they want quick delivery. In some cases, buyers want expensive air shipment if the lead-time increases, he said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said buyers have not initiated air shipment in full swing yet as the cost would go up.

Some European buyers used to prefer air shipment even before the Red Sea crisis began and it is cited in the related documents.

Of the garment items exported from Bangladesh, less than 10 percent are air-shipped, according to the BGMEA chief.

The usual war-coverage premium is 0.05 percent and the re-insurers have jacked it up to 0.225 percent.

Sadharan Bima Corporation informed its client-insurers in Bangladesh about the increase in the premium, said Bibekananda Saha, general manager of the re-insurance department of the state-run company.

Globally, war-risk rates have spiked from just 0.01 percent of vessel value in early December to 0.7 percent today, said Marcus Baker, global head of marine, cargo and logistics at Marsh, the insurance brokerage and risk advisory unit of Marsh McLennan, in an article of CNN on January 17.

That means the cost to insure a $100 million container ship has spiked from $10,000 per voyage to $700,000 today.

Local garment suppliers say the increased cost stemming from the spike in fares will ultimately passed onto local suppliers indirectly.

One analyst says the rise in the insurance cost means a higher transportation cost, which will ultimately put pressure on end-users as the price will go up.

Source: thedailystar.net– Jan 28, 2024

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Bangladesh's imports drop by 18.19% YoY in H1 FY24: Central bank

Bangladesh's imports fell by 18.19 per cent year on year (YoY) to $33.68 billion in the first half (H1) of fiscal 2023-24 (FY24), according to the Bangladesh Bank (BB).

The settlement of letters of credit (LCs), generally known as actual imports, stood at $33,683.51 million in the July-December period compared to $41,175.28 million in the same period a year earlier.

The country's overall import orders, known as the fresh opening of import LCs, also declined by 5.33 per cent YoY to $32,929.31 million during that six-month period against $34,784.72 million in the same period of the last fiscal, domestic media outlets reported.

The country's trade deficit in fiscal 2022-23 dropped by 48.41 per cent YoY to $17.16 billion.

The central bank has taken several measures to discourage imports to boost shrinking forex reserves, which now stand at around $20 billion.

Source: fibre2fashion.com– Jan 28, 2024

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Pakistan: Weekly Cotton Review: Prices rise amid good business volumes

Cotton prices were seen booming during the previous week. Over the past month, there has been a significant increase in the price of cotton by about Rs 4,000 per maund.

Business volume also remained positive, reflecting an overall boom in the international cotton market.

A US diplomat has discussed cooperation between the All Pakistan Textile Mills Association and the US regarding Pakistan's cotton and textile sectors. The policy roadmap is ready for the textile industry, which will be shared with the coming government.

Director General of Agriculture Munir Ahmed Jumani has said that the government has allocated an area of 300 acres for a 'garments city' in Sindh.

To keep the cotton crop safe, measures should be taken to prevent pink bollworm and whitefly. He shared that the cotton cultivation area is decreasing because farmers are not getting a good price of cotton.

In the local cotton market, there was a notable increase in the price of cotton last week.

This upward trend in prices persisted due to the rise in international cotton prices. Additionally, stocks are dwindling, with major textile groups acquiring quality cotton.

Major groups were importing cotton when the rate of Future Trading of the New York cotton was 79 to 81 cents per pound.

However, as New York cotton rose to about 5.50 to 6 US cents, export contracts eased, and instead local cotton demand went increased.

Due to the increased purchase of textile mills, the price of cotton has sharply risen over the past week, particularly since the beginning of this month. It has surged by Rs. 3,000 to Rs. 4,000 per maund, depending on the quality.

Previously, the price of cotton in Sindh was in between Rs 15,500 to Rs 17,800 per maund.

In the province of Punjab the price of cotton is in between Rs 16,500 to Rs 17,000 per maund marking an increase of about 4,000 rupees. Currently, the spot rate stands at Rs. 19,700, reflecting a rise of Rs. 2,700.

Despite the rise in cotton prices, the business volume has also improved. One of the primary reasons for the increase in the price of cotton is the repercussion of the government's announcement to reduce energy costs from 14 to 9 US cents, and Pakistan's GSP+ status has been reinstated until 2027.

Heimtextil exhibition in Germany has remained relatively optimistic. New monetary policy will also be addressed by the State Bank of Pakistan on January 29.

Regarding the cotton season, especially in the lower areas of Sindh province, it is expected that there will be more sowing of Agiti cotton, while cotton is being sown through tunnel farming in many areas of Punjab. This method is relatively better, and the rates are also reasonable.

This season, the country's cotton production is expected to be around 84 lac bales, while the requirement of textile mills is around one Crore thirty lac bales. About 10 lakh bales from foreign countries will be required as the import contracts from last year, totalling about 15 lakh bales, are to be fulfilled. Additionally, about 8 lakh bales will be imported from Afghanistan.

Afghanistan's Torkham border is now opened after being closed for 10 days, while the Chaman border has been closed for the past three months. It is hoped that it will also be opened soon.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs.700 and maintained it at Rs.19,700 per maund.

Naseem Usman, Chairman of Karachi Cotton Brokers Forum, said that there is an upward trend in the price of international cotton, especially the New York cotton futures price, which closed at 84.37 US cents after rising to 85.54 cents. According to the USDA's weekly export and sales report, 207,000 bales were sold for the year 2023-24. China was at the top by buying 103,300 bales.

Vietnam was second with 33,800 bales. Bangladesh bought 21,700 bales and stood at the third position. Pakistan bought 15,100 bales and took the fourth position.

In a recent meeting, Kristin K Hawkins, the United States Consul General in Lahore, engaged in discussions with the All Pakistan Textile Mills Association (APTMA) to enhance trade and economic ties between Pakistan and the United States.

Leaders from APTMA, including Kamran Arshad, Chairman Northern Zone, and Ahmad Shafi, Vice Chairman, warmly welcomed the US consul general.

The talks focused on collaboration in the cotton and textile sector, with a broader aim of expanding trade and investment relations. Concerns were raised about Pakistan's declining domestic cotton production, underscoring the need to import over three million bales this year.

The USA, a major cotton supplier to Pakistan, is expected to contribute to textile production worth $ 8 billion, primarily for export to the US.

Kamran Arshad stressed the critical role of the textile industry, constituting 62% of total exports. He proposed a mechanism for importing US cotton under GSM-102, with Pakistan's textile export proceeds serving as collateral.

Highlighting the strength of the textile industry in Pakistan, Arshad termed the US as Pakistan's largest trade partner, with bilateral trade reaching USD 9.85 billion in 2021-22.

APTMA advocated for stronger US-Pakistan cotton linkages, promoting technology transfer for high-yielding cotton seed. They emphasised the importance of joint ventures and collaboration between Pakistani and US investors.

They urged to explore avenues for economic collaboration, saying these discussions aim to bolster the textile industry, strengthen bilateral trade, and pave the way for sustained economic growth.

The country's textile industry has drawn up a policy roadmap for the post-election government that aims to increase textile exports to $50 billion by 2029 and create a competitive Trade Bilateral Contracts Market (CTBCM).

They are pushing for a future system to ensure B2B power contracts with a wheeling charge of 1-1.5 cents per unit while increasing the solar net metering limit for industrial customers from 1MW to 5MW.

In an ambitious effort to revitalise the country's textile industry, the Sindh government has embarked on a project of a Karachi Garment City.

The industrial estate, which is dedicated to manufacturing value-added textile products, is spread over 300 acres and is about to undergo a major transformation. The initiative aims to promote the development of climate-friendly industrial units and water treatment plants within the proposed city.

However, addressing a seminar organized by WWF and the Sindh Agriculture Department regarding the cotton crop in Hyderabad on Thursday, Sindh Director General of Agriculture (DG) Munir Ahmad Jamani said that the cotton crop is the backbone of Pakistan's industrial sector but its production is steadily declining as farmers are switching to other crops.

He said that the reason for this is that the cotton farmers were not getting an adequate price, which forced them to choose alternative crops.

It is said that due to severe weather conditions, water scarcity, attacks of insects, especially whitefly and pink Sunde, the per-acre production of cotton in Pakistan is having a negative impact, resulting in the country's yield per acre not increasing significantly over the years.

In the year 2014-15, 1 crore 42 lakh bales of cotton produced in the country have reduced to barely 85 lakh bales today.

As farmers have no alternative source of income, the solutions to their problems should be wisely sought to make farming profitable. At this time, there is a need is to increase the yield of cotton per acre. Our average yield per acre ranges from 700 kg per acre to 750 kg per acre.

It could be doubled with the use of modern technology. The country loses 1.5 to 2million bales of cotton annually due to the attack of pink bollworm alone.

According to an estimate, an increase of one million bales of cotton results in a 0.5% increase in GDP, and the value of one million bales of cotton is about one billion dollars.

The nations that prioritise research alongside other welfare programs tend to develop more rapidly. The government should prioritise addressing financial and administrative challenges faced by cotton research institutes and their scientists by implementing an immediate action plan.

Source: brecorder.com– Jan 29, 2024

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NATIONAL NEWS

UK delegation meets top govt officials in final push for trade agreement

A UK delegation led by British Prime Minister Rishi Sunak's chief economic adviser Douglas McNeill is currently engaged in week-long deliberations with top government officials here in a last-ditch attempt to stitch together a free trade deal with India, people in the know said on Thursday. However, the possibility of finalising a deal looks bleak.

Since the beginning of the week, McNeill met top officials at the Prime Minister's Office (PMO), Commerce and Industry Minister Piyush Goyal, Finance Minister Nirmala Sitharaman, Economic Affairs Secretary Ajay Seth and Commerce Secretary Sunil Barthwal to discuss matters related to the proposed free trade agreement (FTA) and an investment treaty, said two people familiar with the development.

"For India, the cut-off date for negotiations is the model code of conduct. Once it kicks in, the negotiations will have to stop," said one of the officials cited above.

India and the UK have resolved some thorny issues over the last few months, and have taken tough stands on issues sensitive to their respective regions.

"There is a push from the top level (from both countries). Both sides are keen and engaging with each other but there is also a feeling that the quality of the deal should not be compromised," the person said.

Interestingly, the term of India's chief negotiator and commerce department joint secretary Nidhi Mani Tripathi – who has been in charge since the launch of the negotiations – gets over by the end of the month, after which, she will take up a new role at the High Commission of India in London. The commerce department is yet to announce the new chief negotiator for the India-UK FTA.

Negotiations are expected to carry on virtually in February, till the start of the model code of conduct. The negotiations for the much-anticipated trade deal between India and the UK were launched over two years ago on

January 13, 2022. After 14 rounds of talks, both sides have been unable to meet halfway on some contentious issues.

Some of the contentious issues include the UK's demands for lower tariffs on whiskey and automobiles, including electric vehicles, as well as its attempt to seek more opportunities in telecommunications, legal and financial services in the Indian markets. Other tricky areas included chapters on rules of origin and intellectual property rights.

India is bargaining hard to seek a resolution on London's plan to roll out a carbon border tax on its imported goods from 2027 and the inclusion of a social security agreement.

Source: business-standard.com– Jan 26, 2024

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Interim Budget 2024: Exporters seek higher allocation for MAI scheme

Ahead of the interim Budget 2024, exporters have urged the government to allocate funds worth $3.88 billion for the Market Access Initiative (MAI) scheme to promote Indian exports and help them hit the ambitious $2 trillion target by 2030.

The marketing support given under the MAI scheme, with a total allocation of less than Rs 2 billion for the current year, for promoting exports of US$ 2 trillion is grossly inadequate, according to the Federation of Indian Export Organisations (FIEO), the apex body for exporters.

The scheme aims to promote India's exports on a sustained basis and works with a 'focus product-focus country' approach through market studies and surveys.

"The country is aiming to take goods and services from $776 billion recorded in 2022-23 to $2 trillion by 2030. This requires aggressive export marketing to showcase Indian products and services to global customers. Therefore, for aggressive marketing, there is a need for the creation of a corpus of a minimum of 0.5 per cent of the preceding year's exports for the MAI scheme," said FIEO President (officiate) Israr Ahmed.

A focus on marketing, with government support, is expected to benefit especially small exporters.

FIEO has also urged the government for a financial outlay of Rs 5,000 crore shared between the Centre and states for the District as an Export Hub (DEH) scheme.

"A planned scheme to address the infrastructure gaps through central-state funding can be the game changer and will help in exponential growth in exports from the districts, thus pushing states' exports and thereby of the country. The Budget may announce a scheme which on a pilot basis may be introduced in 50 districts with a corpus of Rs 5,000 crore with sharing between Centre and states," it said.

Over 70 per cent of India's exports are from five states and Gujarat alone accounts for over 30 per cent, according to FIEO.

Exporters have also asked the government to encourage more investment in the manufacturing sector and exports in the upcoming Budget. They urged the government to extend the sunset date for commencing manufacturing from March 31, 2024, till March 31, 2027, for companies availing 15 per cent concessional income tax rate. They have also asked the government to focus on developing an Indian Shipping Line of global repute, the body said.

The Apparel Export Promotion Council (AEPC) has urged the government to increase the rates to 5 per cent for all exporters under the Interest Equalization Scheme. This will increase the apparel industry's competitiveness in the international market and enable it to avail necessary working capital.

Interest equalisation rates were revised downwards from 3 to 2 per cent for non-MSME manufacturer exporters under the scheme on pre and post-shipment export credit. The high cost of capital has been a major bottleneck for the exporting community, according to the Export Promotion Council.

Source: business-standard.com– Jan 26, 2024

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India Budget: Textile sector renews demand for removing duty on cotton

The Indian textile industry has renewed its longstanding demand for the removal and exemption of 11 per cent import duty on cotton and cotton waste, ahead of the forthcoming Interim Union Budget for fiscal 2024-25 (FY25). The South India Mills Association (SIMA), a leading industry body, expects Nirmala Sitharaman to accept this demand.

In a pre-budget memorandum, SIMA stated that the 11 per cent duty should be removed on extra-long staple (ELS) cotton, and other varieties of cotton and cotton waste should be exempted from this duty during the off-season (April to November).

The industry organisation has argued that India has transitioned from a cotton surplus to a cotton deficit country. Due to the trade adopting import parity pricing, Indian cotton textile and clothing exports have become uncompetitive, as cotton prices are 10-15 per cent higher.

SIMA noted that the industry has been increasing the production capacity of recycled textiles and clothing products, taking advantage of growing demand. With the emerging sustainability trend and the conclusion of the free trade agreement (FTA) with the United Kingdom, there is potential to increase recycled textile and clothing (T&C) exports by 50 per cent.

Therefore, SIMA argues, the import duty on cotton should be removed. The 10 per cent import duty on waste cotton is significantly impacting handloom and power loom home textile clusters and exports and should also be removed in the upcoming budget.

SIMA has recommended a specific Harmonised System of Nomenclature (HSN) Code for recycled sustainable textile products to promote circularity in the industry. The association suggests introducing an exclusive chapter in the Customs Tariff for recycled fibre and its value-added products, with clear demarcation between pre-consumer (industrial) and post-consumer waste.

A separate classification, incorporating additional last two digits, should be created for recycled fibres or products made from them, as well as for blended fibres or products (comprising both virgin and recycled materials). This classification would be under the respective existing HSN

codes for fibre, fibre waste, yarn, yarn waste, fabric, garments, made-ups, and garneted stock. Such a system would enable foreign buyers to easily identify sustainable products, thereby avoiding the cumbersome and costly process of certification. It would also encourage international brands to purchase these products, positioning such consumption as an incentive factor for investments under various schemes.

The industry has also requested permission to import textile products listed under the QCO without a BIS certificate, as part of the Advance Authorisation Scheme (AAS). SIMA has further requested that regular imports be allowed under nominated business, and for fibres/filaments not produced by indigenous manufacturers.

A major portion of textile exports are conducted through the AAS, as outlined in Chapter 4.03 of the Foreign Trade Policy. Since the final export product is manufactured according to the foreign buyer's specifications, including the nomination of the procurement source and quality of the raw materials to be used, the Indian exporting manufacturer has no choice but to procure the materials as per the terms of the contract, whether from domestic or international sources. To ensure a smooth supply of raw materials, especially for exporting manufacturers and Technical Textile manufacturers, suitable amendments should be made to the Foreign Trade Policy as mentioned above, and import duty should be rationalised for products that are exclusively import-dependent, with separate HSN codes for the aforementioned fibres.

The industry has also called for the announcement of another Technology Mission on Cotton. By 2030, the industry is expected to require approximately 550 lakh bales of cotton. A few years ago, the Cotton Advisory Board submitted a proposal to the ministry of textiles, requesting funding for this purpose. It is proposed that a sum of ₹1,000 crore be allocated to fulfil the objectives of Mini Missions I and II, and ₹500 crore to implement Mini Missions III and IV. A Mission Mode approach should be appropriately implemented for the welfare of the farming community.

Cotton productivity has fallen to below 500 kg per hectare, down from 580 kg per hectare, and annual cotton production has decreased to below 340 lakh bales from 398 lakh bales, putting 35 million jobs at risk. Without immediate policy intervention by the government, production may soon drop below 300 lakh bales.

In contrast, the national average yields in Australia, Brazil, China, Turkiye, Mexico, and Israel exceed 1,500 kg of lint per hectare. Although India accounts for around 35 per cent of the global cotton-growing area (12 to 13.3 million hectares), it contributes only 23 per cent of cotton production. This is due to obsolete technology, poor technology transfer, and the inferior quality of cotton.

The allocation is necessary not only to address the fibre shortage faced by the consuming industry but also to prevent production capacity from lying idle. The cotton fibre needs of the industry range from speciality cotton and sustainable cotton to ELS cotton and organic cotton. Although the first phase of 'Kasturi Cotton India' has been initiated, adequate funding is required for at least 100 lakh bales with traceability.

SIMA has also demanded sufficient fund allocation for clearing pending claims under the Technology Upgradation Fund Scheme (TUFS). There is an immediate need to allocate the remaining ₹6,800 crore and disburse the TUFS subsidy at the earliest. Currently, there are more than 40,000 cases pending under various TUF schemes.

The fuel used for generating electricity should be included within the scope of GST, as power costs in textile manufacturing account for at least 15 per cent of the total cost. This inclusion would enable the industry to avail credit for the tax paid on fuel. It is also demanded that funds be adequately allocated to achieve international status for cotton. Incentivising domestic production of ELS cotton is necessary. Recent data indicates that India imports 5-6 lakh bales of ELS cotton to meet its requirements for higher quality yarn for fabrics and ready-made garments.

The industry has also called for funding for skill development in spinning, weaving, knitting, and processing segments, as well as for encouraging indigenous textile machinery manufacturing.

The government should implement statutory and regulatory measures to curb cheap imports and under-invoicing of textile products that are manufactured within the country.

Source: fibre2fashion.com– Jan 27, 2024

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DGFT to discuss trade regime of dual-use goods, software and technology on Jan 30

Directorate General of Foreign Trade, Department of Commerce in partnership with the Ministry of External Affairs (MEA) and other Government Agencies is organising the National Conference on Strategic Trade Controls (NCSTC), focusing on India's Strategic Trade Control [related to Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) and Export Controls] system and its International Best Practices, for ensuring compliance related to the export of dual-use (industrial and military) goods, software and technologies.

The conference will be held on 30th of January, 2024 at Vigyan Bhawan, New Delhi. Registrations for the conference have been invited by DGFT from all the interested industry and other stakeholders, through its website and other relevant platforms. Key International speakers including the Chair of 1540 Committee of United Nations Security Council (UNSC) and the Chair of Missile Technology Control Regime (MTCR), senior government officials including Commerce Secretary, Member (Customs) of CBIC, Director General of DGFT, etc. would be participating in the Conference and addressing the industry and other stakeholders. More than 500 industry representatives are expected to attend the conference.

The Conference is expected to see participation from officials of various departments/organisations of Government of India which are part of India's Strategic Trade Control System and the Industry. The conference mainly focuses on outreach to the Industry especially for those dealing in sectors regulated under India's SCOMET list including special materials and high tech equipment, chemicals, biotechnology, defence, aerospace (comprising Drones/UAVs), electronics and semiconductors, telecommunications, information security, etc. and related software and technology.

Various Industry leaders will also be sharing their experience related to the export of dual-use goods and technologies during the conference. The thematic sessions planned during the day-long conference will focus on various aspects of India's Strategic Trade Control system, including the legal and regulatory framework, the steps taken to streamline the SCOMET policy and licensing processes, the enforcement mechanism and supply chain compliance programs.

As part of India's Strategic Trade Control system and in consonance with the relevant control lists, guidelines and provisions of the international conventions, mechanisms and regimes, India regulates the exports of dual use items, nuclear related items, and military items, including software and technology under the SCOMET list, which is notified by DGFT under the Foreign Trade Policy.

Source: pib.gov.in– Jan 28, 2024

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India negotiating trade facilitation pact with 10 countries currently: CBIC chairman

In a bid to facilitate faster customs clearance for traders, India is currently negotiating Mutual Recognition Agreements (MRAs) with 10 countries, Central Board of Indirect Taxes and Customs (CBIC) chairman Sanjay Agarwal said while speaking at the 'International Customs Day 2024' in New Delhi on Saturday.

MRA is an arrangement aimed at providing reciprocal benefits to accredited and trusted exporters of both the signatories in the clearance of goods by the Customs authorities of the importing country. At present, India has operational MRAs with four countries including the US, UAE, and Australia.

The acknowledgment of Authorized Economic Operators (AEOs) by multiple parties is a fundamental aspect of the World Customs Organization's SAFE Framework of Standards. This framework aims to enhance and streamline global trade by fortifying supply chain security from end to end, all the while fostering increased trade facilitation on a global scale.

At the same event, finance minister Nirmala Sitharaman, in a written message, said that the initiatives of Customs department like Faceless Assessment and Single Window Clearance need to evolve with the overall objective of growth of trade as every partner needs to collaborate to help India's GDP surpass $5 trillion by 2027-28.

Many initiatives taken by the Customs department such as Direct Port Delivery, Single Window Clearance, AEO Scheme need to evolve with the overall objective of growth of trade and business, she said.

The Customs' Single Window Interface for Facilitating Trade (SWIFT) project was implemented in 2016 aimed at streamlining processes for importers by eliminating the need for separate declarations with government agencies.

SWIFT allows importers and exporters, the facility to lodge their clearance documents online at a single point only. Required permissions from other regulatory agencies are obtained online without the trader having to approach these agencies separately.

However, some government agencies have still not integrated their systems with SWIFT. “I would urge the remaining PGAs to automate their systems and integrate it with SWIFT quickly for the benefit of traders,” said revenue secretary Sanjay Malhotra at the event.

Malhotra further said that the government needs to do more to improve the Customs system with the help of technology. “All the processes of Customs should be automated. By that I mean, all payments, all assessments , refunds, interface with trade…all should be automated,” he said.

Source: financialexpress.com– Jan 28, 2024

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Customs 2.0 in offing; to provide fully automated stakeholder service: Revenue Secy

Revenue Secretary Sanjay Malhotra on Saturday said the customs department is developing a fully automated trade interface system, Customs 2.0, which would also help in improving its score in the World Bank's ranking. Speaking on the International Customs Day 2024 celebrations, organised by the Central Board of Indirect Taxes and Customs (CBIC), Malhotra said technology is going to be the main driver in improving customs processes.

The World Bank's Logistics Performance Index 2023, which was released in April last year, had ranked Customs processes at 47th spot, down from 40th position in 2018. "India is on course to become the third largest economy surpassing GDP of USD 5 trillion. Yet we are ranked 47th out of 139 countries in the World Bank report'. There is a huge scope for improvement for us not only in terms of score but also in terms of ranking, Malhotra said.

He said the systems division in Customs is preparing for a Customs 2.0 to ensure that all processes in customs and with all stakeholders will be automated." All payments, all interfaces with trade need to be automated so that everything is available with the click of a button," Malhotra said.

Source: financialexpress.com– Jan 27, 2024

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Red Sea route accounts for 50% country's exports, 30% of imports: Report

The impact of the ongoing crisis around the Red Sea shipping route, which accounts for 50 per cent of the country's exports and 30 per cent of imports last fiscal, will vary depending on the industry, according to a report. The crisis in the Red Sea shipping route began after Yemen-based Houthi rebels launched frequent attacks on commercial shipping vessels plying through the route in November as a fallout of the Israeli-Palestinian war, which started in early October 2023.

Currently, the US and British forces are also engaged in counter-attacks on the militants.

Domestic companies use the Red Sea route through the Suez Canal to trade with Europe, North America, North Africa and part of the Middle East. Last fiscal, these regions accounted for 50 per cent of the country's exports worth Rs 18 lakh crore and 30 per cent of imports worth Rs 17 lakh crore.

The country's overall merchandise trade was Rs 94 lakh crore last fiscal, with 68 per cent in value and 95 per cent in volume being sea-borne, according to a report by Crisil Ratings.

The country imports 30 per cent of DAP from Saudi Arabia, 60 per cent of rock phosphate from Jordan and Egypt, and 30 per cent of phosphoric acid from Jordan.

Companies operating in sectors like agricultural commodities and marine foods could see a significant impact due to the perishable nature of their goods and/or lean margins, which limit their ability to absorb the risks from rising freight costs.

The Shanghai Northern Europe container freight rates have risen by over 300 per cent to USD 6,000-7,000/TEU) since November 2023.

On the other hand, companies operating in sectors like textiles, chemicals and capital goods may not be immediately hit, as they have a better ability to pass on higher costs, or because of a weaker trade cycle. But a prolonged crisis can make these sectors also vulnerable as working capital cycles would get stretched with orders put on hold.

However, a few sectors, such as shipping, could benefit from rising freight rates. Lastly, players in pharma, metals, and fertilisers will not be much impacted.

Increasing attacks on ships sailing in the Red Sea region since November 2023 have persuaded shippers to consider the alternative longer route past the Cape of Good Hope. This has not only stretched delivery time by 15-20 days but has also increased the transit cost substantially because of incremental freight rates and insurance premiums.

For agricultural commodities like Basmati rice (30-35 per cent of production is shipped to these regions), exporters are feeling the pressure as rising freight costs have curbed exports and a part of their inventory is now being sold in the domestic market, leading to a moderation in realisations.

Similarly, marine items (predominantly shrimps and prawns) can also see a significant impact as 80-90 per cent of the production is exported, and over half of it is through the Red Sea. Their perishable nature and lean margins make exporters vulnerable to rising freight costs and competitive pressure from Latin American suppliers.

While textiles, especially home textiles (75 per cent of the production is exported, mainly to these regions), their mid-teen margins can absorb higher freight rates for some time. Similarly, in chemicals (25-30 per cent of the revenue of agrochemicals and speciality chemicals makers comes from these regions), exports may be less affected given sufficient channel inventories and a subdued near-term demand scenario.

Players in the capital goods sector (with exports and imports of over Rs 2 lakh crore each) can be impacted by a sustained disruption in trade routes due to delays in deliveries, which can lead to inventory build-up and slowdown in order conversions for EPC companies.

For certain import-dependent players, such as non-urea fertiliser makers, which source end-product and/or its key raw materials/intermediates, the impact will be limited given the current lean consumption period and sufficient inventories, but a sustained increase in sourcing cost will have to be compensated through a higher subsidy from the government.

Crude oil may also be less impacted as only 10 per cent of the global oil trade is through the Red Sea, and the current disruptions have had a limited impact on prices. Crude prices rose 5-7 per cent to USD 80/barrel in mid-December 2023, following an escalation of the crisis but prices have since settled in the USD 77-80/barrel range.

It is not that the impact of the Red Sea crisis will be negative for all sectors. In fact, for some sectors, it will offer tailwinds. Shipping companies and freight forwarders should benefit from higher charter rates, after a year that saw steep falls due to slowing global trade.

While the immediate impact of the crisis would be low for most of India Inc., prolonged strife can affect the profitability and working capital cycle of export-oriented industries. The extent of this will vary depending on sectoral nuances. Supply chain issues could also intensify, curbing trade volume and renewing inflationary pressures.

Source: economictimes.indiatimes.com– Jan 28, 2024

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How to enforce climate agreements with trade measures

Casual observers of the recent United Nations Climate Change Conference in Dubai (COP28) can be forgiven for attributing high stakes to the event. “We are on the brink of a climate disaster, and this conference must mark a turning point,” UN Chief Antonio Guterres warned during the proceedings.

But the truth is that neither the contents of the Dubai agreement, nor what was left out of it, will have much impact on climate change.

We have seen this movie many times before, starting with the 1992 treaty that created the UN Framework Convention on Climate Change.

Back then, all countries committed to preventing “dangerous” climate change, which would have required dramatic cuts in annual global greenhousegas (GHG) emissions.

But emissions have continued to rise, albeit at a lower rate than they might have otherwise.

Voluntary commitments have proven mostly hollow.

To be clear, we are not suggesting that fevered warnings about climate risks and the need for action are misguided.

As economists who have spent decades studying climate change, we recognise that some of the economics literature has too often been used by those opposing a meaningful response.

As we note in a recent report for the Institute of Global Politics, economic models that purport to identify “optimal” climate policies often systematically underestimate the benefits of emissions reductions and overestimate their costs.

In a world of urgent challenges, policymakers and the public have limited attention for climate change.

Rather than focusing so much on international conferences that require unanimous support, entail no accountability, and ultimately have little effect on emissions, we should be directing our energies toward

negotiating agreements that can achieve transformational progress in narrow, but crucial, economic sectors.

We already know that this more targeted approach works.

Consider the Montreal Protocol, which protects the stratospheric ozone layer, or the International Convention for the Prevention of Pollution from Ships (MARPOL).

Unlike the voluntary commitments made at each climatechange COP, these two treaties established binding obligations that can be enforced through international trade markets.

The Montreal Protocol bars participating countries from trading in chlorofluorocarbons (ozonedepleting chemicals) with nonparticipating countries; and under MARPOL, access to ports is restricted to ships that meet certain technical standards.

These two treaties have worked because they create positive feedback effects: The more countries that agree to participate, the higher the pressure on others to join. As a result, the ozone layer will return to its pre1980 level in a few decades, and over 99 per cent of oil is now shipped according to MARPOL specifications, virtually eliminating a major source of marine pollution.

The same approach has already worked for climate agreements.

The Kigali Amendment to the Montreal Protocol phases down hydrofluorocarbons, a powerful greenhouse gas. Like the examples above, the amendment incorporates a trade measure designed to create a positive feedback effect once a critical threshold of participation has been met.

We should now do the same for other major emissions sources.

Aluminum production, for example, is responsible for about 2 per cent of global GHG emissions each year. Yet by replacing carbon anodes with inert anodes, the industry could dramatically reduce its emissions.

An aluminum treaty might require that parties both switch to inert anodes and import aluminum only from other participating parties.

In contrast to unilateral threats of trade measures, this approach to international climate agreements is fundamentally cooperative and multilateral.

It differs from unilaterally imposing domestic regulations on foreign production, as the European Union is doing, or from imposing carbonbased tariffs on certain imports without any corresponding domestic regulations, as some in the US have proposed.

These methods may only invite retaliation.

To succeed, international climate agreements must be compatible with countries´ economic strategies, not least those of lowerincome countries like India, where most future emissions will occur.

That is why the Montreal Protocol and Kigali Amendment include provisions whereby richer countries agree to help poorer countries pay the costs of compliance.

By focusing climate agreements on individual sectors, linking obligations to trade access, and addressing the “common but differentiated” roles of rich and poor countries in international negotiations, the world will have a better chance to achieve the goals outlined in the Dubai agreement: A rapid and equitable transition to netzero emissions.

Then, future climatechange COPs can focus on other consequential issues, rather than on crafting the right mix of hollow words that everyone can agree on.

Barrett is professor of natural resource economics at Columbia University, Kaufman is a senior research scholar at the Center on Global Energy Policy at Columbia´s School of International and Public Affairs, and Stiglitz is a professor at Columbia University and a Nobel laureate in economics.

Source: business-standard.com– Jan 27, 2024

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Electronics, engineering goods among six focus sectors for $1 trillion exports target

India has identified electronics, engineering goods, textiles, marine & agriculture, toys and pharmaceuticals as the six sectors that could help the country achieve almost 70% of its $1-trillion goods export target by FY30.

As per a study by the commerce and industry ministry, these sectors could clock around $670 billion of exports by 2029-30. India's goods exports in FY23 were $451.07 billion. "While toys may not be as large an export sector like engineering or electronics, they have seen remarkable growth," said a government official. Led by drones, solar modules, turbo jets, auto and auto-components, electric vehicles and parts, engineering goods exports are expected to grow to $300 billion by FY30 from $107 billion in FY23, while pharma exports, focused on biosimilars and innovation drugs, could rise to $57 billion from $25 billion in the same period.

The outbound shipments of electronics are expected to touch $100 billion by FY30, propelled by mobile phones, laptops, wearable electronics and electronic accessories. Led by readymade garments, technical and man-made fibre textiles, the total textile exports are expected to reach $97.7 billion in the next six years, whereas marine and agriculture product exports are estimated at $118 billion by FY30. Officials said untapped areas in Odisha, West Bengal, Gujarat and Tamil Nadu are being looked at for area expansion under aquaculture.

Moreover, value added items such as canned and dried products have been identified for export promotion. "A special focus is being given on value added products and the food processing sector," the official said. To boost toy exports, toy clusters such as Channapatna in Karnataka, Varanasi in Uttar Pradesh, Kondapalli in Andhra Pradesh and Jaipur in Rajasthan have begun tapping into international markets.

Separately, the commerce department also expects India's ecommerce exports to touch $200 billion by FY30, driven by Ayurvedic and organic products, spices and food products, textiles, leather goods, handicrafts, personal care products, art and paintings, jewellery, auto parts and electronic appliances.

Source: economictimes.com– Jan 29, 2024

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New MSME payment rule leads to many cancelled orders

Ahmedabad: The central government has implemented a new rule for assessment year 2024-25 under which buyers must pay for goods bought from MSMEs within 45 days of delivery and clear all dues to MSMEs before March 31, 2024, failing which the pending payment will be deemed to be income on which tax will be levied.

While the government's intent is to protect MSMEs, this has caused uncertainty in the market and Ahmedabad's textile markets are seeing cancellation of orders.

Some chemical traders are also feeling the effect. Some buyers have decided not to buy goods before Feb 16 to ensure that their payment deadline comes after March 31.

The textile value chain on the other hand operates on a credit period of up to 120 days, so this rule has affected it the most.

Gaurang Bhagat, president of Maskati Cloth Market Mahajan, said, "We will call a meeting of all associations to discuss the situation emerging from this rule. There are many order cancellations being witnessed."

Bharat Chhajer, former chairman of the Powerloom Development and Export Promotion Council (PDEXCIL), said, "The move intends to help MSME units but the immediate reaction is totally different.

In the textile business, the norm is a credit period of 120 days, so making payments within 45 days to MSMEs will be difficult and impractical.

We have seen that several traders have cancelled recent orders, and many have stopped buying goods from MSME manufacturers at least till Feb 16, so that their payments fall due only in the next financial year. These issues need some clarity."

Karim Lakhani, a chartered accountant, said, "New purchases have dipped after the rule was introduced. Customers are now buying goods from large and medium units. Many trades operate on credit periods of up to 120 days, so many such businesses have cancelled orders."

Nilesh Damani, secretary, Gujarat Dyestuffs Manufacturers' Association (GDMA), said, "In the chemical industry, the credit period offered is about 60 days but as demand is low this period is often extended.

As the new rule has been implemented, many buyers are inquiring with sellers if they are registered as MSMEs or not."

Source: timesofindia.com– Jan 28, 2024

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India Budget 2024-25: Fashion leaders expect major policy initiatives

As India's finance minister Nirmala Sitharaman gears up to unveil the Union Budget on February 1, 2024, for fiscal 2024-25 (FY25), the spotlight turns to the fashion industry. Despite it being an interim budget, there is a palpable sense of optimism among industry leaders who are looking forward to significant policy initiatives from the government. These initiatives are expected to catalyse the industry's expansion and solidify its presence on the global fashion stage.

Jasveen Kaur, senior director of merchandising for garment sourcing at New Times Group, expects the budget to contribute to advancing the growth momentum of Indian textile and apparel industry. Sharing her expectations from it, Kaur told Fibre2Fashion, “We have seen a drop in cotton yarn pricing lately, and I would urge to keep a cap on this and try to keep it stable. Cotton has a significant percentage of the total business we do and cannot afford to lose this business due to yarn cost fluctuation.”

To promote the textile sector and foster job creation, Kaur suggested considering the expansion of the coverage of the Production Linked Incentive (PLI) schemes. “The idea is to attract investments in the textile sector, cutting edge technology and promoting more man-made fibre (MMF) fabrics. we are still not able to compete with mills out of China, Taiwan and Korea both on pricing and quality.” She recommended considering a reduction in import duty on textile machinery, citing the need for significant technological upgrades.

Addressing the issue of traceability, Kaur questioned what measures are being taken to make Better Cotton traceable and whether the government is planning to use AI, technology, and robotics to enhance this critical segment to fulfil the needs of brands. She concluded by emphasising the importance of continuing the commitment towards sustainability and green growth in the industry.

Nishant Poddar, chief marketing officer of retail brand WROGN, expressed his anticipation for the upcoming interim budget on February 1. He highlighted the mood in the Indian fashion retail sector, saying, "As we eagerly await the budget, there's a blend of hope and anticipation in the air, especially for us in the Indian fashion retail sector. It feels like standing at the threshold of what could be a new dawn." Poddar also

emphasised the importance of the 'Made in India' label, stating, "There's a sense of pride in our craftsmanship and designs. We're looking forward to any support that can amplify our 'Made in India' label, which is not just a tag but a testament to our rich heritage and skill."

He further told Fibre2Fashion, "In our hearts, we know the future is sustainable fashion. Any encouragement from the budget in this realm would be like nurturing the seeds of a greener future." Poddar also mentioned the growing role of digitisation in the fashion industry, noting, "The digital world is our new runway, and any move to strengthen this space would be like adding spotlights to the ramp. It’s essential for connecting with our customers, who are increasingly moving online."

Regarding the ease of doing business, he likened improvements in this area to "clearing the clutter," which would make room for creativity and efficiency. Poddar highlighted the importance of skill development, "Our sector is all about skills – from the weaver to the designer. Skill development initiatives are like nurturing the roots of this industry. More skilled hands mean more beautiful creations." Lastly, he stressed the need for better retail infrastructure, particularly in smaller cities, likening it to "expanding our canvas" and reaching out to more people with their creations.

Ashish Gupta, head of legal and government relations at eBay, stated, "At eBay, we eagerly anticipate the Union Budget 2024–2025, foreseeing a transformative era for India's e-commerce sector, particularly in enhancing e-commerce exports. We're looking forward to a budget that streamlines business operations, promotes innovation in digital payments, and strengthens the logistics infrastructure, all while keeping a focus on supporting MSMEs through tax benefits and regulatory ease."

Gupta further highlighted the importance of building on the previous year's Foreign Trade Policy, saying, "Building on the success of the previous year's impactful Foreign Trade Policy, we're optimistic about a budget that will position India prominently in the global e-commerce exports arena.

Envisioning the budget as a catalyst, we aim for export-oriented policies to propel India's e-commerce onto the global stage, fostering sustainable growth and international competitiveness."

Sharing his insights and expectations for the upcoming budget in relation to the fashion industry, Anand Aiyer, CEO of Arrow, told F2F: "At Arrow, envisioning a budget that encourages innovation and elevates the shopping experience is crucial. We anticipate the upcoming budget to resonate with evolving industry dynamics, ensuring resilience and meeting the refined preferences of the contemporary Arrow man.

“As the purchasing power of Indian consumers rises, there's a strategic need for the budget to recognise and support this shift, particularly in the evolving role of branded goods in both professional and leisure lifestyles. Our vision is a budget that fosters the growth of premium menswear under the Arrow brand."

Source: fibre2fashion.com– Jan 25, 2024

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Slow festive season dampens Indian retail in December 2023

Indian retailers faced a lackluster holiday season in December 2023, with overall sales growth of just 4 per cent compared to the previous year. Even with holiday discounts and the wedding season boosting some sectors, consumer spending remained muted across most categories.

Sales in December grew by a meager 4 per cent despite discounts and the wedding season. Sales across South India soared by 7 per cent while North, West, and East India lagged behind. The sales growth in South India was driven by high-value purchases like cars, houses, and electronics on EMI , while discretionary spending took a hit.

Like-for-like sales in existing stores dipped by 5 per cent as retail continued to struggle with sluggish demand due to inflation.

With inflation showing no signs of abating and global economic uncertainties looming, the upcoming months could be challenging for retailers. Adapting to changing consumer preferences and offering attractive financing options for high-value purchases may be the key to weathering the storm.

Source: fashionatingworld.com– Jan 27, 2024

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Export orders hit a bump at delivery stage for textile units

Ahmedabad: Cotton prices have come down from their peak, resulting in better orders for the textiles industry in recent times. However, earlier orders placed when the cotton prices were relatively higher, are facing trouble at the delivery stage. According to sources, around 350 containers of different textile products including denim and spinning waste are stuck in different countries because buyers are seeking discounts as cotton prices have come down.

Another reason for the stuck shipments is payment issues faced by buyers. An office-bearer of the Spinners' Association Gujarat (SAG) said, "Different kinds of spinning wastes are used in some countries for denim, carpet and terry towels. Around 250 containers of such waste from India including around 100-150 from Gujarat, have reached different countries but buyers are not taking delivery due to various reasons. Containers going to Vietnam have been facing major issues in the last few months." Cotton prices were around Rs 60,000 per candy (356kg) in Oct when the new cotton season started in India and have now settled at around Rs 55,000 per candy. Price stability has boosted orders for export and from the domestic market since Dec, taking capacities of spinning mills in the state to around 80%.

"The reduction in cotton prices has improved export orders, but looking at the current rates, buyers of finished orders are asking for discounts before taking delivery," the SAG office-bearer said. A leading denim manufacturer and exporter from Ahmedabad said, "The denim sector is going through a challenging time. We are facing issues after sending containers to some African countries."

He further said, "There are payment issues due to which buyers are not taking delivery. This has impacted working capital. Around 100 containers of denim from Gujarat have faced such issues in various countries in the past few months. We demand that the government prepare a mechanism and set up an agency to extend legal help to exporters in cases where foreign buyers do not take delivery seeking discounts due to price changes."

Source: timesofindia.com– Jan 29, 2024

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