An ISO 9001:2015 CERTIFIED COMPANY

TEXPROCIL NEWS CLIPPINGS

INFORMATION BUREAU TEXPROCIL

IBTEX TEXTILE INTELLIGENCE CENTRE

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 21 of 2024 February 02, 2024

Currency Watch			
USD	EUR	GBP	JPY
82.85	90.15	105.65	0.57

INTERNATIONAL NEWS	
No	Topics
1	Air Cargo Demand Growth Reaches Two-Year High
2	French economy shows no growth in Q4 2023
3	Techtextil 2024 Frankfurt prepares for digital-driven textile growth
4	Economic confidence in Turkiye surges to 99.4 in January 2024
5	Philippines, Vietnam vow to raise two-way trade to $10 bn by 2025
6	Uzbek Cotton Sector at Risk of 'Backsliding' Into Forced Labor
7	Vietnamese manufacturing sector experiences growth in 2024
8	Bangladesh: Textile machinery sellers expect higher sales in 2024
9	Bangladesh: RMG machinery manufacturers optimistic as global supply chain rebounds

NATIONAL NEWS	
No	**Topics**
1	SUMMARY OF THE INTERIM UNION BUDGET 2024-25
2	Cabinet approves continuation of Scheme for Rebate of State and Central Taxes and Levies for export of Apparel/Garments
3	We are worried about the ongoing Red Sea crisis, says Piyush Goyal
4	Cabinet approves Signing and ratification of Bilateral Investment Treaty between India and United Arab Emirates
5	Higher budgetary support for cotton procurement by the Cotton Corporation of India
6	Textile Industry Responds to Interim Budget: Cautious optimism amidst hope for Full Budget relief
7	South India Garment Association concerned amid MSME rule changes

SAYING NO TO CHILD LABOUR

G20 भारत 2023 INDIA

INTERNATIONAL NEWS

Air Cargo Demand Growth Reaches Two-Year High

As the uncertainty surrounding the Red Sea keeps the majority of container shipping companies out of the waterway, air freight demand saw its strongest annual growth in two years. According to the International Air Transport Association (IATA), air cargo demand in December soared 10.8 percent above 2022 levels, reaching 22.8 billion air cargo tonne kilometers (CTKs). International air cargo demand bumped up at an even higher 11.5 percent clip.

Global air capacity for the month was 13.6 percent above 2022 levels, to 49.8 billion available cargo tonne kilometers (ACTKs). The jump was largely due to the expansion of international passenger belly capacity, with international capacity increasing 14.1 percent. Although the year-over-year rise in demand is substantial, it's only just starting to correlate with the extended transit times at sea.

The association called the rise in both air cargo demand and rates for November and December "modest." When comparing data for the week ending Nov. 4, 2023—ahead of the first major Houthi missile attack in the Red Sea—and the week ending Dec. 9, 2023, global air cargo demand had jumped just 1 percent. Yields increased 5 percent.

Willie Walsh, director general of the IATA, said in a statement that a similar month-over-month spike is expected for January as the Red Sea disruptions intensify. Another air freight indicator, the Baltic Air Freight Index (BAI), may be previewing a sign of things to come. The BAI said that rates across more than 20 air trade lanes grew 6.4 percent week over week on Monday.

Air freight rates out of Shanghai rose 8.8 percent week over week, according to the BAI, while the rates out of Hong Kong increased 5.9 percent and rates out of Singapore jumped 4.1 percent. The situation at sea is causing more companies are securing more space to move goods via air freight, especially as they aim to fly them out before February's Lunar New Year when all factories in China close for two weeks.

"While not all cargo is suitable for air transport, it is a vital option for some of the most urgent shipments in extraordinary circumstances. And that is critical to the continuity of the global economy," said Walsh. According to weekly analysis from air cargo intelligence firm WorldACD on Thursday, freight forwarders continue to report anecdotally that certain cargo owners are switching some Asia-Europe cargo from sea to either air or a sea-air hybrid.

"Some forwarders say that in anticipation of ocean-to-air conversions, they are blocking additional air capacity on core trade lanes to help customers keep their freight moving," the WorldACD report said. "Others note that the window for booking air freight ahead of Lunar New Year is closing and the next two-to-three weeks could be challenging, with the expectation of 'bunched' container ships arriving en masse at the main European ports, potentially triggering port delays, driver shortages and cargo build-ups at warehouses, driving further traffic towards air cargo."

With shippers already having to contend with escalating ocean freight rates due to the mass rerouting of vessels away from the Red Sea, they will have to mull over a decision that would likely be even more expensive. Air cargo accounts for more than 35 percent of global trade by value, but less than 1 percent of world trade by volume, according to the IATA.

As far as full-year numbers go, the IATA calculated that air cargo demand was down 1.9 percent compared to 2022 CTKs, thanks to the December push. When it comes to capacity levels, 2023 concluded with an 11.3 percent increase in total air cargo capacity compared to the year prior. However, air cargo demand still falls behind pre-pandemic levels, with total air cargo traffic remaining 3.6 percent below 2019 CTK totals. Conversely, air cargo capacity is up 5.7 percent compared to the pre-pandemic year.

"Despite political and economic challenges, 2023 saw air cargo markets regain ground lost in 2022 after the extraordinary Covid peak in 2021," said Walsh. "Although full-year demand was shy of pre-Covid levels by 3.6 percent, the significant strengthening in the last quarter is a sign that markets are stabilizing towards more normal demand patterns. That puts the industry on very solid ground for success in 2024. But with continued, and in some cases intensifying, instability in geopolitics and economic forces, little should be taken for granted in the months ahead."

Source: sourcingjournal.com– Feb 01, 2024

HOME

****

French economy shows no growth in Q4 2023

France's economy showed no growth in the fourth quarter (Q4) of 2023, maintaining the same level of activity as in the previous quarter, according to the National Institute of Statistics and Economic Studies (INSEE). The country's gross domestic product (GDP) remained stable in volume terms, marking a period of economic stagnation after a series of fluctuating quarters.

The final domestic demand, excluding inventories, had a negative impact on the GDP growth for this quarter, contributing negatively by 0.1 points following a modest gain of 0.4 points in Q3 2023. This downturn was primarily due to a significant decrease in gross fixed capital formation (GFCF), which fell by 0.7 per cent after a slight increase of 0.2 per cent in the preceding quarter.

Foreign trade recovered in Q4 2023 positively contributed 1.2 points to GDP growth, a notable improvement from the 0.1 points in the previous quarter. This positive development was driven by a sharp decline in imports by 3.1 per cent, contrasted with a relatively stable export level, which saw a marginal increase of 0.1 per cent after a 0.6 per cent rise in Q3, as per INSEE.

The contribution of inventory changes to GDP growth remained negative, marking a 1.1 points deduction after a 0.3 points deduction in Q3 2023.

France's economy saw an annual increase of 0.9 per cent in 2023, a significant slowdown from the 2.5 per cent growth in 2022 and the 6.4 per cent surge in 2021. This yearly growth was predominantly buoyed by a sharp increase in the Q2 2023, while economic activity remained mostly unchanged throughout the remaining year. As 2023 drew to a close, the growth overhang for 2024 was pegged at a modest 0.1 per cent.

Source: fibre2fashion.com– Feb 02, 2024

HOME

****

Techtextil 2024 Frankfurt prepares for digital-driven textile growth

Techtextil 2024 is scheduled to open its doors in Frankfurt in just under three months, from April 23 to 26, 2024. In conjunction with the concurrent Texprocess, there will be a total of over 1,600 exhibitors from around 50 countries at the event.

This is a positive development because the transformation of the textile sector has taken on a completely new dimension. Something that sounded like science fiction yesterday is already a tangible business model. In this connection, digitalisation and networking have a major role to play. Accordingly, these are the very subjects on focus in 2024.

A panel discussion at the international Techtextil and Texprocess press conference on January 11 2024 offered a foretaste, the organiser Messe Frankfurt said.

Panel Discussion: How digitalisation is driving growth

Sustainability, supply chains, new regulations and a shortage of skilled labour: how can digitalisation help overcome today's challenges? What are the latest developments? And what does the digital future of the textile industry look like? These were the main themes of the panel discussion entitled 'From yarns to smart textiles – how digitalisation is driving growth'. Chaired by Zackes Brustik, the panellists – Prof. Thomas Gries (Head of the Institute for Textile Technology (ITA) of RWTH Aachen University), Elgar Straub (Director General of VDMA Textile Care, Fabric & Leather Technologies) and Olaf Schmidt (Vice President Textiles & Textile Technologies, Messe Frankfurt) – discussed opportunities, risks and new achievements in the sector.

The members of the panel agreed: the market is ripe for digital disruption. Innovations that have long been technically possible, such as textile tagging systems for the circular economy, have become market relevant and are developing into a promising business model. However, time is of the essence. The pace of transformation must increase. And the solution is digitalisation coupled with interdisciplinary networking between companies and innovation hubs. For this reason, too, international platforms such as Techtextil are gaining more and more in significance.

The place to be for innovations

"We don't want to exaggerate. And there's no need to do so. After all, it is a fact that Techtextil is unparalleled worldwide when it comes to the spectrum of products and services on show.

Covering twelve areas of application, it is distinguished by an unrivalled spectrum of international market leaders, first movers and start-ups who use the world's leading trade fair specifically to present their innovations to the world market or, in many cases, to launch them there.

The range of products runs from fibres and yarns, nonwovens, composites and coated textiles to technologies for use in a variety of industries including automotive, fashion, medicine and construction," the organiser added.

Among the exhibitors this year are Concordia Textiles (Belgium), Datacolor (Belgium), Everest Textile (Taiwan), Franz Miederhoff (Germany), Groz-Beckert (Germany), Kuraray (Japan), Kusumgar Corporates (India), Outlast Technologies (Germany), Sandler (Germany), Tanatex Chemicals (Netherlands) and Textilcolor (Switzerland).

Winning Team: Techtextil & Texprocess

Held concurrently with Techtextil, the Texprocess trade fair presents the latest machinery, plant, processes and services for manufacturing garments, as well as textile and flexible materials. The spectrum of products to be seen stretches from sewing technology and materials, via embroidery, fixing, CAD/CAM and cutting systems, to recycling technologies and much more. Among the companies exhibiting at this leading international trade event are, for example, Assyst/Style3D (Germany), ASTAS (Turkey), Barudan Co., Ltd. (France), Brother Internationale Industriemaschinen (Germany), bullmer (Germany), Dürkopp Adler (Germany), IMA (Italy), Kai Corporation (Japan), Morgan Tecnica (Italy), natific (Switzerland), Orox Group (Italy) and Tajima Industries (Japan).

Source: fibre2fashion.com– Feb 02, 2024

HOME

****

Economic confidence in Turkiye surges to 99.4 in January 2024

The Economic Confidence Index in Turkiye witnessed a remarkable upswing in January 2024, reaching 99.4, marking a significant increase from the previous month's 96.4. This surge reflects a robust 3.1 per cent rise in economic confidence, highlighting Turkiye's positive economic outlook, as per the Turkish Statistical Institute (Turkstat).

Breaking it down further, the consumer confidence index also saw a substantial boost, rising by 3.9 per cent to attain a value of 80.4. In contrast, the real sector (manufacturing industry) confidence index experienced a modest decline of 0.5 per cent, settling at 102.9.

Meanwhile, the retail trade confidence index decreased by 1.0 per cent, reaching a value of 115.6 in January when compared to the previous month, Turkstat said in a press release.

Source: fibre2fashion.com– Feb 02, 2024

HOME

****

Philippines, Vietnam vow to raise two-way trade to $10 bn by 2025

Philippine President Ferdinand Romualdez Marcos Jr. and Vietnamese Prime Minister Pham Minh Chinh recently vowed to raise their two-way trade to $10 billion in value terms by 2025.

Both met in Hanoi during the former's official visit to Vietnam.

Marcos Jr. said the Philippines always attaches importance to and expects to lift the bilateral ties to a new height.

To further strengthen bilateral relations, they decided to raise delegation exchanges at all levels, utilise the existing bilateral cooperation mechanisms, comprehensively review the action plan to implement the strategic partnership for the 2019-2024 period and soon build a new action programme for future, a Vietnamese media outlet reported.

They emphasised the need to focus on digital transformation, green economic development, circular economy, climate change response and energy transition.

Source: fibre2fashion.com– Feb 02, 2024

HOME

****

Uzbek Cotton Sector at Risk of 'Backsliding' Into Forced Labor

Despite reforms in Uzbekistan's cotton sector that have all but eliminated state-sponsored forced labor, the risk of relapse remains high, a new report on the 2023 harvest revealed Thursday.

While independent civil society monitoring by the Uzbek Forum for Human Rights found "no widespread, systematic, government-imposed forced labor" during the year, observers found a "distinct" increase in reports of coercion in interviews and across social media throughout the harvest. In the five regions where monitoring took place, monitors documented cases where employees of banks and state-owned organizations were compelled to pick cotton wherever manpower was in short supply, suggesting that some form of mobilization is taking place to fulfill cotton production targets—the same targets that were supposed to have been abolished during the overhaul.

The findings illustrate the challenge of systemic change without fixing issues of governance. Despite the absence of orders from the central government to conscript employees into cotton fieldwork, the report said, the "system of administrative coercion and control creates incentives for officials to turn to forced labor to deal with shortages of pickers."

"It is…evident that Presidential Advisor Shukhrat Ganiev exerted enormous pressure on regional officials to meet production targets, who, in turn, issued orders to forcibly mobilize cotton pickers," the Uzbek Forum wrote. "The system of coercion in Uzbekistan's cotton production is essentially passed down a chain of command that begins at the top of government."

2023 was already shaping up to be an anomalous year. For one thing, the central government failed to announce an official rate for cotton picking as it had before, confusing farmers and leaving pickers uncertain about applying for positions. In the absence of state guidelines, farmers hewed to the previous year's rates, leaving pickers ultimately earning less when inflation was taken into account. This, plus the lack of clarity about cotton picking's earning potential versus other agricultural jobs likely contributed to the shortage of bodies. An exodus of seasonal workers who returned to Uzbekistan only temporarily during the pandemic also did not help.

In short, the system failed the "stress test," said Allison Gill, legal director at Global Labor Justice-International Labor Rights Forum (GLJ-ILRF), a Washington, D.C.-based advocacy group. "The fact that officials resorted to forced labor shows that the current reforms aren't enough and the danger of serious backsliding remains," she said.

The GLJ-ILRF leads the Cotton Campaign, the multi-stakeholder coalition that rallied hundreds of brands and retailers, including Adidas, Gap Inc., H&M Group and Zara owner Inditex in a decade-plus boycott against Uzbek cotton before calling it off in 2022. The decision coincided with another report from the Uzbek Forum, a frontline partner of the campaign, that found for the first time in 11 years of consecutive monitoring no state-imposed forced labor during a cotton harvest. It hailed this as a "landmark achievement," one that could restore Uzbek cotton's place in the international textile sourcing firmament.

"For the first time, independent monitors did not document systemic, government-imposed forced labor organized by the central government in any of the areas monitored," the report said at the time. "Although there were some incidents of forced mobilization of state employees imposed by government officials, it was not on a scale that suggests it was coordinated by the central government."

This would change by the following year.

The Uzbek Forum cites three key factors for why forced labor reared its head during the 2023 season. Continued state control over the cotton harvest and the persistence of "de facto" cotton production targets is one of them. A second is the lack of bargaining power for farmers, who are unable to choose which "cluster"—privately owned, vertically integrated enterprises involved in growing, processing, manufacturing and exporting fiber and textiles—to sell to, leaving them unable to negotiate fair prices for their cotton and thwarting their ability to pay competitive prices to recruit sufficient numbers of voluntary pickers. Third, the a dearth of strong remedy and grievance mechanisms and freedom of association protections at workplaces.

The last, which a U.S. Department of Labor-funded initiative is hoping to change, is a central complaint in the Uzbek Forum's case against Indorama Agro, a Singapore-headquartered cotton enterprise whose license was suspended by Better Cotton following allegations of human rights and other abuses. (Indorama Agro has called these claims "flawed, misleading and biased.”) Meetings between Uzbek Forum monitors and Indorama Agro workers have been disrupted by security officials and monitors hauled off for hours of interrogation by the police, the report said. In January, one monitor was told by a man who introduced himself as a government official that a criminal case was being prepared against the organization, that its labor rights monitoring at Indorama Agro was “illegal,” and that the monitors’ lives were in danger due to their work.

The report cautions brands and retailers seeking to source cotton from Uzbekistan to remain vigilant. They need to evaluate whether a supplier has the “means and capacity” to effectively implement human rights due diligence and mitigate risks in its Uzbek supply chain before pulling the trigger.

They should “engage in good faith” with the Cotton Campaign and explore the possibility of joining its pilot program for responsible sourcing. Just as important, they must convey to the Uzbek government and textile industry the need for unobstructed independent monitoring to identify, prevent and remedy labor violations per international rights standards and supply chain legislation.

Licensing, certification, and auditing programs should similarly take heed, it said. Any comprehensive due diligence exercise must assess the enabling environment for labor rights and take into account the implementation of reforms to end forced labor “in practice,” a gap analysis and mitigation strategies.

“The cotton production system in Uzbekistan remains coercive, despite reforms to end systematic and widespread state-imposed forced labor,” said Umida Niyazova, executive director of the Uzbek Forum. “To make further progress toward a sustainable cotton sector, reforms are needed to enable and protect farmers’ freedom of choice over what crops they grow and which cotton companies they enter into contracts with, as well as farmers’ bargaining rights to negotiate the contracts’ terms and conditions.”

Source: sourcingjournal.com– Feb 01, 2024

HOME

****

Vietnamese manufacturing sector experiences growth in 2024

Manufacturers in Vietnam witnessed a resurgence in growth as 2024 began, with tentative signs of improved demand leading to increased new orders and production. However, employment levels and purchasing activities saw slight declines, and business confidence started to waver.

Reports of shipping delays caused delivery times for suppliers to lengthen and added pressure to costs. Despite facing higher input prices, companies decided to lower their charges in an effort to stimulate demand.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index (PMI) climbed above the 50.0 no-change mark in January, rising from December's 48.9 to 50.3. While this indicated a marginal improvement in the health of the manufacturing sector, it marked the first such improvement in five months, S&P Global said in a press release.

The overall improvement in business conditions centred around expansions in new orders and production. Total new business increased for the first time in three months, reflecting signs of demand recovery in both domestic and export markets (new export orders expanded for the first time since last October).

As a response, firms increased their production volumes, ending a four-month sequence of decline. The expansion in output was most pronounced in intermediate goods producers.

The modest increases in output and new orders resulted in firms maintaining their staffing levels and purchasing activity largely unchanged at the beginning of 2024. However, the combination of this stability and a renewed rise in new orders led to the accumulation of backlogs of work for the second consecutive month, with the rate of accumulation being the most significant since March 2022.

Some companies chose to fulfil orders by distributing finished goods directly to customers, leading to a decrease in post-production inventories after no change at the end of 2023. Stocks of purchases also decreased due to rising production requirements and relatively steady purchasing activity. The reduction in pre-production inventories was substantial, marking the steepest decline since June of the previous year.

Shipping delays and transportation issues contributed to a marginal lengthening of suppliers' delivery times in January, representing the first decline in vendor performance in just over a year. These transportation issues, which also caused delivery delays, led to higher shipping costs at the start of the year, resulting in a further notable increase in input prices. Manufacturers also reported increased fuel costs.

Although input costs continued to rise significantly, Vietnamese manufacturers responded by lowering their selling prices slightly in a bid to stimulate demand. This marked the end of a five-month sequence of inflation.

Confidence in the outlook for production in the year ahead dipped to a seven-month low, falling below the series average as some firms expressed concerns about economic conditions. Nonetheless, manufacturers retained an overall sense of optimism, driven by hopes for improved demand, increased customer numbers, and the planned launch of new products.

Andrew Harker, economics director at S&P Global Market Intelligence, said: “It was an encouraging start to 2024 for the Vietnamese manufacturing sector, with some welcome improvements in new orders and production. The respective increases were only marginal, however, and not sufficient to entice firms to take on additional staff or expand purchasing.

The lack of an expansion to operating capacity meant that backlogs of work continued to build. There were various reports of issues with transportation and shipping in January, resulting in delivery delays and higher costs. Firms lowered their own selling prices, however, which suggests that demand conditions remain relatively muted.”

Source: fibre2fashion.com– Feb 01, 2024

HOME

****

Bangladesh: Textile machinery sellers expect higher sales in 2024

International textile and garment machinery sellers are optimistic about a rebound in their business in Bangladesh this year as the global clothing supply chain is recovering from the sluggish trend.

Apparel sales slowed significantly in 2023 because of a fall in demand from the end consumers amid higher inflationary pressure stemming from the severe fallouts of the Covid-19 pandemic and the Russia-Ukraine war, they said.

But this year, machinery sellers are getting a lot of inquiries from the garment makers thanks to a rise in work orders from the international clothing retailers and brands in recent months, they said.

That is why, the international machinery sellers are optimistic for 2024 as the higher apparel export means a rise in sales of textile and garment machinery.

A group of global textile and garment machinery sellers and their local agents made the comments while talking to The Daily Star at the ongoing 18th Dhaka International Textile and Garment Machinery Exhibition.

The four-day event began at the International Convention City Bashundhara in Dhaka yesterday.

Abu Taleb Bhuiyan, CEO of Best Tex International, the Bangladesh agent of six international denim textile and garment machinery companies, said his sales decreased nearly 40 percent year-on-year to 8.5 million euros in 2023.
However, the goal for 2024 is to sale 20 million euros worth of machinery in Bangladesh, Bhuiyan said while sitting in his booth at the DTG exhibition.

"All over the world the business is dull, but Bangladesh is a place of hope as the machinery business is growing here and will grow this year," said Hasan Bozkurt, a representative of the export department of Turkish company Karmak.

Last year, Karmak sold 20 units of machinery mainly in washing and dyeing segments and expects to sale 50 this year in Bangladesh, which is its biggest market.

Karmak has an office in Dhaka and it has been selling machinery in Bangladesh for the last 10 years.

Bozkurt's Bangladeshi colleague Kazi Tawfiq-uz-Zaman said local garment and textile manufacturers are mainly looking for sustainable machinery, which consume low amount of water and energy.

Previously, over 120 litres of water were required to wash a kilogramme of denim fabrics, but now Karmak's machinery requires only 30 litres or even lower, Tawfiq-uz-Zaman said.

The textile sector made little investment in machinery in the last one year because of the lower demand of garments, said Md Harun-ur Rashid, managing director of Textile Associates Limited, the local agent of Rieter, a Swiss machinery company.

"We are hopeful that the global supply chain will turn around this year."
The business was normal until the middle of 2022, but 2023 was not a good year as the demand for clothing items fell globally, Rashid said.

Sales were a bit low last year, but not bad in Bangladesh, said Md Tanzilur Rahman, senior assistant manager of Pacific Associates Ltd, a seller of machinery made in Germany, Italy, Spain, China, Hong Kong and Japan.

Last year, Rahman's company targeted selling $80 million worth of machinery but could achieve only $38 million.

Before the emergence of the Covid-19 pandemic, Pacific Associates used to annually sell machinery worth $78 million, he said.
This year, Rahman aims at selling $74 million worth of machinery as the inquires for such machines increased.

Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon said they accepted a 178 percent hike in gas price in 2023 because of the assurance of providing them with an uninterrupted gas supply, but the authorities failed to do so.

In his speech given in a seminar on the sidelines of the expo, the BTMA leader also urged the government to take stern action against the loan defaulters.

At the inauguration of the exhibition, Salman F Rahman, private industry and investment adviser to the prime minister, shade light on the recent export subsidy cut.

He said businesses can discuss the subsidy cut with the government if they want, but it is needed to come out from the subsidy culture.

This year, 1,100 exhibitors from 33 countries are exhibiting their machinery occupying 1,600 booths at the Dhaka International Textile and Garment Machinery Exhibition.

The BTMA, Chan Chao International Company Ltd and the Yorkers Trade & Marketing Services Co Ltd are jointly organising the exhibition.

Source: thedailystar.net– Feb 02, 2024

HOME

****

Bangladesh: RMG machinery manufacturers optimistic as global supply chain rebounds

Global sellers of textile and garment machinery express optimism regarding their businesses being reinvigorated in Bangladesh, as the worldwide clothing supply chain rebounds from the sluggish trends observed in 2023.

The slowdown in the sales of clothing items last year, mostly because of decreased demand resulting from higher inflationary pressure due to the severe impacts of Covid-19 and the Russia-Ukraine war, is now witnessing a turnaround.

In recent months, international clothing retailers and brands have been actively making inquiries to place work orders with local garment factories, leading to increased business prospects. The surge in garment exports correlates directly with a rise in sales of textile and garment machinery.

At the 18th Dhaka Textile and Garment (DTG) machinery exhibition, held at the International Convention City, Bashundhara in Dhaka, a group of global textile and garment machinery sellers, along with their local agents, shared insights with Dhaka Tribune. In 2023, machinery sales experienced a 50% decline to 8.5 million euros. However, in 2024, the sales are anticipated to rebound to 20 million euros, as local garment and textile millers are actively sending inquiries.

Abu Taleb Bhuiyan (Munna), the CEO of Best Tex International and an agent for six international companies specializing in denim textile and garment machinery, mentioned that his machinery sales were 14 million euros in 2022. Despite the challenging global business environment, Bangladesh stands out as a beacon of hope, with growing business prospects anticipated for the current year.

Hasan Bozkurt from the export department of the Turkish company Karmak affirmed the positive outlook for business in Bangladesh. While global business conditions remain subdued, Bangladesh presents promising growth opportunities. Bozkurt, who has been selling machinery in Bangladesh for the past 10 years, reported an increase in sales from 20 pieces last year to an expected 50 machinery sales this year, particularly in the washing and dyeing segments.

Hasan's colleague Kazi Tawfiq-uz-Zaman also local garment and textile manufacturers are mainly looking for sustainable machinery which consumes low water and is energy efficient.

Previously, more than 120 litres of water was required to wash a kilogram of denim fabrics but now his company's machinery can wash with 30 litres or even lower, he said. The textile sector had little investment over the last year because of lower demand, said Md Harun-ur Rashid, managing director of Textile Associates Limited, the local agent of Swiss company Rieter.

"We are hopeful that the global supply chain will turn around this year," Rashid said, adding the business was normal up to mid-2022. But the last year was not good as the demand for clothing items fell globally, he added.

Md Tanzilur Rahman, senior assistant manager of Pacific Associates Ltd said the business situation is not bad here as it is rebounding gradually. Last year his company's sales target was $80 million but could achieve $38 million. Before Covid-19 his company could sell machinery worth $78 million, he said.

In 2024 the target of his company in Bangladesh was $74million as the inquiries increased and the business was growing. He sells machinery from Germany, Italy, Spain, China, Hong Kong and Japan. Indonesia-based Asia Pacific Rayon (APR) Vice President Tapan Sannigrahi said that in just five years, Bangladesh has become APR's second-largest market outside Indonesia, holding a 55% share in Bangladesh's viscose fiber market.

"We are actively introducing Lyocell as a sustainable alternative," he added, saying that the textile sector is an important contributor to a growing Bangladesh economy. Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA) at a sideline discussion on innovation said that they accepted the hike of gas price by 178% in 2023 as they were assured to get uninterrupted supply, but the authority failed to supply the gas.

President of BTMA, Mohammad Ali Khokom, acknowledged the 178% increase in gas prices in 2023, emphasizing that they accepted the hike with the assurance of receiving an uninterrupted gas supply. However, the authorities failed to fulfill this commitment, prompting Khokom to urge stricter actions against loan defaulters, whom he referred to as "dacoits."

He criticized these loans as clear instances of looting, asserting that true entrepreneurs are suffering due to the actions of these individuals. Khokom called for concerted efforts to attract both local and foreign investment, while also encouraging potential entrepreneurs to contribute to new investments in the textile sector.

During the inauguration, Salman F Rahman, the private industry and investment adviser to the prime minister, acknowledged the anticipated challenges for businesses in 2024. He highlighted the impact of global economic turmoil and the rise in interest rates in major destinations like the US on the country's export sector.

Rahman assured that the government is actively working to create a favorable atmosphere for the industrial sector. Addressing gas issues, he mentioned ongoing efforts to address the problem, emphasizing that the gas price in Bangladesh remains lower than that of competitors. He discussed the establishment of an LNG terminal to resolve the issue, acknowledging the past mistake of selling gas at a very cheap rate.

Regarding the cut in export subsidies, Rahman suggested discussions with the finance minister to explore opportunities for reform. He advocated for gradually phasing out the culture of subsidies, emphasizing the importance of focusing on logistics, product quality, and market diversification to enhance competitiveness globally. He also highlighted the need to expand the tax net and reduce the tax burden on existing taxpayers, pointing out that the Tax-GDP ratio in Bangladesh is lower than that of neighboring countries.

Other speakers at the event included BKMEA Vice-President Mohammad Hatem, FBCCI Senior Vice President Amin Helaly, and various business and expo leaders. The 4-day exhibition, jointly organized by BTMA, Chan Chao International Company Ltd, and Yorkers Trade & Marketing Services Co Ltd, features 1,100 exhibitors from 33 countries showcasing machinery in 1,600 booths.

Source: dhakatribune.com– Feb 01, 2024

HOME

****

NATIONAL NEWS

SUMMARY OF THE INTERIM UNION BUDGET 2024-25

The Finance and Corporate Affairs Minister Smt Nirmala Sitharaman, while presenting the Interim Union Budget for 2024-2025 in Parliament today announced that the capital expenditure outlay for the next year is being increased by 11.1 per cent to Rs 11,11,111 crore, which would be 3.4 per cent of the GDP.

She said, this is in the wake of building on the massive tripling of the capital expenditure outlay in the past 4 years resulting in huge multiplier impact on economic growth and employment creation.

As per the First Advance Estimates of National Income of FY 2023-24, presented along with the Finance Minister's speech, India's Real GDP is projected to grow at 7.3 per cent. This is also in line with the upward revision in growth projections for FY2023-24 by the RBI (in its December 2023 Monetary Policy Committee meeting) from 6.5 per cent to 7 per cent, prompted by strong growth in Q2 of FY2023-24.

Indian economy has demonstrated resilience and maintained healthy macro-economic fundamentals, despite global economic challenges. The International Monetary Fund (IMF), in its World Economic Outlook (WEO), October 2023, has revised its growth projection for India for FY2023-24 upwards to 6.3 per cent from 6.1 per cent projected in July 2023. This reflects increasing global confidence in India's economic prowess at a time when global growth projection for 2023 remains unchanged at 3 per cent.

As per the IMF, India is likely to become the third-largest economy in 2027 (in USD at market exchange rate) and it also estimated that India's contribution to global growth will rise by 200 basis points in 5 years. Moreover, various international agencies such as the World Bank, the IMF, OECD and ADB project India to grow between 6.4 per cent, 6.3 per cent, 6.1 per cent and 6.7 per cent, respectively in 2024-25.

The Finance Minister stated that strong growth in economic activity has imparted buoyancy to revenue collections and pointed out that GST collection stood at ₹1.65 lakh crore in December 2023.This is the seventh-time that gross GST revenues have crossed ₹1.6 lakh crore benchmark.

She said, coming to 2024-25, the total receipts other than borrowings and the total expenditure are estimated at Rs 30.80 and 47.66 lakh crore respectively. The tax receipts are estimated at Rs 26.02 lakh crore.

In a major announcement, the Finance Minister said, the scheme of fifty-year interest free loan for capital expenditure to states will be continued this year with total outlay of Rs1.3 lakh crore. A provision of seventy-five thousand crore rupees as fifty-year interest free loan is proposed this year to support the milestone-linked reforms of Viksit Bharat by the State Governments.

Click here for more details

1) Budget Speech: click here

2) (Highlights) of Interim Budget 2024-25: click here

Source: pib.gov.in– Feb 01, 2024

HOME

****

Cabinet approves continuation of Scheme for Rebate of State and Central Taxes and Levies for export of Apparel/Garments

The Union Cabinet chaired by Prime Minister Shri Narendra Modi approved the continuation of Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) for export of Apparel/Garments and Made ups upto 31st March 2026.

Continuation of Scheme for proposed duration of two (2) years will provide stable policy regime which is essential for long term trade planning, more so in the textiles sector where orders can be placed in advance for long term delivery.

The continuation of RoSCTL will ensure predictability and stability in policy regime, help remove the burden of taxes and levies and provide level playing field on the principle that “goods are exported and not domestic taxes”

The Union Cabinet had given approval of the scheme up to 31.03.2020 and further approval was given for continuation of RoSCTL till 31st March 2024. The present extension upto 31st March 2026 helps in enhancing export competitiveness of garments and made-ups sectors. It makes apparel/garments and Made ups products cost-competitive and adopt the principle of zero-rated export.

The other textile products (excluding Chapter 61, 62 and 63) not covered under the RoSCTL, are eligible to avail the benefits under RoDTEP along with other products.

The objective of the scheme is to compensate for the State and Central Taxes and Levies in addition to the Duty Drawback Scheme on export of apparel/ garments and Made-ups by way of rebate. It is based on an internationally acceptable principle that taxes and duties should not be exported, to enable a level playing field in the international market for exports.

Hence, not only indirect taxes on inputs are to be rebated or reimbursed but also other un-refunded State & Central taxes and levies are to be rebated.

Rebate of State Taxes and Levies comprises VAT on fuel used in transportation, captive power, farm sector, mandi tax, duty of electricity, stamp duty on export documents, embedded SGST paid on inputs such as pesticides, fertilizers etc. used in production of raw cotton, purchases from unregistered dealers, coal used in production of electricity and inputs for transport sector.

Rebate of Central Taxes and Levies comprises central excise duty on fuel used in transportation, embedded CGST paid on inputs such as pesticides, fertilizer etc. used in production of raw cotton, purchases from unregistered dealers, inputs for transport sector and embedded CGST and Compensation Cess on coal used in production of electricity.

RoSCTL has been an important policy measure and has helped in enhancing competitiveness of Indian exports of apparel and made ups which are value added and labour intensive segments of the Textile Value Chain. Continuation of Scheme for further duration of two (2) years will provide stable policy regime which is essential for long term trade planning, more so in the textiles sector where orders can be placed in advance for long term delivery.

Source: pib.gov.in– Feb 01, 2024

HOME

****

We are worried about the ongoing Red Sea crisis, says Piyush Goyal

The government is concerned about the impact of the increase in shipping charges as commercial vessels are taking a longer route to avoid the troubled Red Sea region, Commerce and Industry, Food and Public Distribution Minister Piyush Goyal told Shreya Nandi in a post-Budget interview in New Delhi. Edited excerpts:

Earlier this week, the finance ministry said that the Red Sea crisis may have an inflationary impact. Can we expect intervention and support from the government on this front?

We are worried about it. We are concerned that our shipments are getting delayed and also getting more expensive if they go around the Cape of Good Hope. We were hopeful that it will get resolved but it seems to be taking longer than anticipated. Otherwise, this year we may have again gone back to growth even on merchandise exports. The trend was good in November, December (2023), but then problems due to the Houthi rebels have created a bit of a dampener (for exports).

Many governments, including India, are taking precautionary measures to safeguard free flow of vessels and to protect them from these activities.

Exporters are now able to stand on their feet and we have been able to move away from the mindset of export incentives. I don't think there's any going back on it. We want our exporters to be resilient and face the world's challenges and by and large we have been successful in that.

The budget document showed that the industry department is considering new PLI schemes for toys and leather and footwear sector and the Union Cabinet's approval is awaited. There were also discussions that no new PLI schemes would be introduced for now.

We have a total allocation of Rs 1.97 trillion for PLI schemes. We have been able to commit Rs 1.56 trillion through various sectors. We have a good amount of savings. (The new PLI scheme for toys and leather and footwear) will depend on the decisions taken by the Union Cabinet. It will depend on whatever they decide.

We are waiting to see the efficacy of existing PLI schemes.

Not only DPIIT, different departments have sought different PLI schemes and many are under consideration. They will see which scheme will be useful and will be in the best interest of the country.

The finance minister said that India is negotiating bilateral investment treaties (BIT) with foreign partners in the spirit of FDI – 'first develop India'. How many countries are we in talk with for the BIT, apart from the European Union and UK?

Talks are going on with many countries at different levels. Many BITs were cancelled in 2016. Many of them are talking, many don't even want the BIT. It has become a passè. For example, many countries don't like ISDS (investor-state dispute settlement).

There was a time when India used to negotiate from a position of weakness. People would dictate terms to India and we would do things under pressure. Some of our free-trade agreements (FTAs) signed 10-12 years ago are really detrimental to India. You've seen how we do stakeholder consultations for days on end and are meeting different sections, hundreds of meetings before every FTA.

Do we see a change in the model of BIT?

India is a pragmatic country and it will see on a case-to-case basis what has to be done but the interest of India comes first.

Source: business-standard.com– Feb 01, 2024

HOME

****

Cabinet approves Signing and ratification of Bilateral Investment Treaty between India and United Arab Emirates

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, today has given its approval for signing and ratification of Bilateral Investment Treaty between the Government of the Republic of India and the Government of the United Arab Emirates.

The Treaty is expected to improve the confidence of the investors, especially large investors, resulting in an increase in Foreign Investments and Overseas Direct Investment (ODI) opportunities and this may have a positive impact on employment generation.

The approval is expected to increase investments in India and is likely to help in realizing the goal of Atmanirbhar Bharat by encouraging domestic manufacturing, reducing import dependence, increasing exports etc.

Source: pib.gov.in– Feb 01, 2024

HOME

****

Higher budgetary support for cotton procurement by the Cotton Corporation of India

The Interim Budget 2024 presented on Thursday saw ₹1,000 crore higher allocation for the textile and apparel sector. Of the total allocation of ₹4,392.85 crore compared with ₹3,443.09 crore last year, the Budget provided ₹600 crore for the procurement of cotton by the Cotton Corporation of India (CCI) under the price support scheme, though there was almost no allocation for this in the previous financial year.

With a slump in cotton prices, the CCI is buying cotton from farmers in several parts of the country at the minimum support price (MSP) since the beginning of the cotton season in October 2023.

The Budget also increased the allocations for schemes for handicraft development, the National Technical Textiles Mission, and the PM MITRA scheme.

Though textile and apparel exports have been declining for more than a year, allocations for export promotion studies and activities was reduced to ₹5 crore from ₹59 crores in 2023-2024.

Meanwhile, in a separate press release, the Ministry of Textiles said the Union Cabinet chaired by Prime Minister Narendra Modi had approved the continuation, till March 31, 2026, of the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for the export of apparel and garments. This will provide the stable policy regime essential for long-term planning in the textile sector.

The Cabinet had approved the scheme till the end of March 2020 and extended it till March 31, 2024. Now, it will continue for another two years. The Budget allocation for the scheme this year is ₹9,246 crore.

Welcoming the extension of the RoSCTL, the textile industry hoped the full Budget would address the need for changes in customs duties.

Source: thehindu.com– Feb 01, 2024

HOME

****

Textile Industry Responds to Interim Budget: Cautious optimism amidst hope for Full Budget relief

The Indian textile industry presented a mixed response to the interim budget announced today, welcoming government focus on investment and R&D while expressing concerns about slow implementation of schemes and continued financial stress. The industry seeks immediate relief for the financially stressed spinning sector and expects bolder policy announcements in the full budget to address competitiveness and growth concerns.

Key Takeaways:

• Industry appreciates increased focus on investment and R&D.

• Extension of RoSCTL scheme seen as positive for garment exports.

• Concerns remain regarding financial stress, import duty on cotton, and slow implementation of schemes.

• Full budget expected to address industry demands more comprehensively.

• Raw material structural issues remain a key concern for long-term growth.

CITI appreciates focus on investment, seeks relief for spinning sector

Confederation of Indian Textile Industry (CITI) Chairman Rakesh Mehra congratulated Finance Minister Nirmala Sitharaman for the budget, but highlighted the need for immediate relief for the financially stressed spinning sector. He noted the 27.6% increase in budget allocation for textiles, mainly due to Rs 600 crore allocated for cotton MSP operations.

Apparel industry welcomes RoSCTL extension, seeks more support

The Apparel Export Promotion Council (AEPC) Chairman Sudhir Sekhri welcomed the extension of the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for apparel exports but called for increased allocation in the full budget considering the challenging global market. He commended the budget's focus on competitiveness and growth.

Industry disappointed by lack of policy changes

However, Sanjay Jain, Chairman of the ICC National Textiles Committee, expressed disappointment at the lack of major policy announcements, specifically regarding import duty on raw cotton and minimum import duty on knitted fabrics to counter Chinese dumping. He lauded the allocations towards technical textiles and R&D but stressed the need for faster implementation of existing schemes like PLI.

Interim Budget hints at future direction

“As an interim budget, it was anticipated that no significant announcements would be made, and indeed, there were no surprises. Nevertheless, the budget provided essential indicators of the anticipated direction for the July budget, emphasising key areas such as innovation, support for start-ups, sustainable development, job creation, and a dedicated focus on Women Empowerment and Domestic Manufacturing, aligning with the overarching theme of ‘First Develop India,’” says Rahul Mehta Chief Mentor, CMAI.

Full Budget expected to address key concerns

Sunil Patwari, Chairman of the Cotton Textiles Export Promotion Council (TEXPROCIL), welcomed the interim budget, stating that it "is centered around policies that will support India's economy as it continues to grow and approaches the $5 trillion mark." He particularly commended the increased allocation for the RoDTEP and RoSCTL schemes, noting that these measures will "lessen the burden of taxes and levies and provide a level playing field in the sector." However, he echoed the sentiments of other industry leaders in calling for bolder reforms in the full budget, particularly regarding raw material import duties and support for the spinning sector.

Industry leaders expressed hope that the full budget will address their concerns more comprehensively. Dr. S.K. Sundararaman, Chairman of The Southern India Mills' Association (SIMA), welcomed the overall increased allocation for textiles but urged the government to consider their demands related to raw material issues and exemptions in the full budget.

Source: fashionatingworld.com– Feb 01, 2024

HOME

****

South India Garment Association concerned amid MSME rule changes

The South India Garment Association (SIGA) expressed its concern about the new payment rule for MSMEs, describing it as detrimental to the growth of the garment industry.

SIGA, which represents a number of textile units throughout the nation, wrote to Prime Minister Narendra Modi requesting the repeal of the new law, namely Income Tax Act law 43B(H).

Clause (h) of Section 43B of the Income Tax Act stipulates that any sum payable to the assessed, pertaining to a micro or small enterprise, beyond the time limit specified in Section 15 of the MSMEs Development Act, 2006, shall be allowed only in the previous year in which such sum is actually paid. The clause makes it mandatory to make payments to micro and small manufacturers and traders within 15 to 45 days for the goods bought from them before 31st March 2024.

The new rule makes it clear that if this deadline is missed, the outstanding contribution would be treated as income and subject to taxation. SIGA has voiced concerns, claiming that many clothing companies will suffer as a result of the new rule's adoption. This is due to the fact that clothing stores and dealers normally don't get paid until after 90 days.

"It will be a big blow to the garment industry which is already in trouble due to competition from corporate companies. I appeal to the Prime Minister to repeal the new rule in the interest of the garment industry that provides jobs to lakhs of people," said SIGA president Anurag Singhla.

Former SIGA president Kundan Jain made an appeal to the Government to refrain from enforcing the new rule, citing concerns among clothing suppliers regarding retailer cancellations of orders.

Source: apparelresources.com– Feb 01, 2024

HOME

****