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| Currency Watch | | | |
|---|---|---|---|
| USD | EUR | GBP | JPY |
| 82.96 | 89.44 | 104.80 | 0.56 |

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# INTERNATIONAL NEWS

## Global economic growth to continue with inflation easing: OECD

Global economic growth is expected to maintain its momentum, albeit with uneven progress across different countries and regions, according to the Organisation for Economic Co-operation and Development's (OECD) latest Interim Economic Outlook. Despite ongoing challenges, inflation rates are forecast to gradually decrease.

The global gross domestic product (GDP) will grow by 2.9 per cent in 2024, with a slight improvement to 3 per cent anticipated in 2025, as per OECD's projections. This forecast aligns closely with the OECD's previous projections made in November 2023. Asia is poised to continue as the primary contributor to global growth in the coming years, replicating its significant role from 2023.

A gradual reduction in inflation is anticipated, as cost pressures begin to subside. Headline inflation among G20 nations is expected to fall from 6.6 per cent in 2024 to 3.8 per cent in 2025. Similarly, core inflation within the advanced economies of the G20 is projected to decrease to 2.5 per cent in 2024, further dropping to 2.1 per cent in 2025, as per the outlook.

Country-specific growth forecasts highlight variances across major economies. The US is projected to experience a growth rate of 2.1 per cent in 2024 and 1.7 per cent in 2025, buoyed by continued consumer spending of savings accumulated during the COVID-19 pandemic and more relaxed financial conditions. The euro area is forecast to see subdued activity in the near term, with GDP growth at 0.6 per cent in 2024 and an improvement to 1.3 per cent in 2025, as real incomes start to strengthen.

Japan's economy is expected to grow by 1.0 per cent in both 2024 and 2025, driven by private consumption and business investment.

Meanwhile, China's growth is projected at 4.7 per cent in 2024 and 4.2 per cent in 2025, marking a slower pace compared to the 25 years preceding the pandemic, attributed to weak consumer demand and structural issues in its property markets.

The outlook also addresses various challenges and uncertainties facing the global economy, notably increased geopolitical tensions and their impact on shipping costs and supplier delivery times due to threats in the Red Sea. An escalation could potentially disrupt the anticipated cyclical recovery and contribute to renewed inflationary pressures in goods sectors.

The OECD advises that monetary policy should remain cautious to ensure a sustainable reduction in inflationary pressures, suggesting that policy interest rates could be lowered in most major economies this year, contingent on the continuation of disinflation. However, the pace of rate reductions should be data-dependent and will likely vary across different economies.

Furthermore, the outlook underscores the importance of government action in response to mounting fiscal pressures, urging adaptations in fiscal policy to address long-term growth challenges such as high public debt and climate change.

Source: fibre2fashion.com– Feb 06, 2024

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# Brazilian cotton prices dip in January; exports remain strong

Cotton prices in Brazil experienced fluctuations throughout January, but downward trends dominated, despite the off-season period. Industry stakeholders have re-entered the market, offering reduced prices and/or expressing dissatisfaction with batch quality, according to a report from the Center for Advanced Studies on Applied Economics (CEPEA).

Some buyers with urgent requirements have been willing to pay higher prices. Conversely, sellers in need of immediate cash flow are offering their products at lower rates.

Comparing data from December 28, 2023, to January 31, 2024, the CEPEA/ESALQ Index for cotton decreased by 0.32 per cent, settling at BRL 3.9874 per pound on January 31, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

Rising international prices and strong import demand have prompted industry players to focus on international trade, particularly in the latter half of January.

According to Instituto Mato-grossense de Economia Agropecuária's (IMEA) data released on January 22, 81.53 per cent of the 2022-23 season's cotton had been traded in Mato Grosso, Brazil's largest producer.

As of the fourth week of January, The Secretariat of Foreign Trade at the Ministry of Economy (SECEX) data indicates that Brazil has exported 240.4 thousand tons of cotton, marking a 93.9 per cent increase compared to January 2023 and ranking as the third-highest volume shipped in January.

Source: fibre2fashion.com– Feb 07, 2024

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# China to enhance tech upgrade to transform traditional industries

China will promote industrial innovation through technological upgrade this year while enhancing efforts to transform traditional industries that comprise over four-fifths of the manufacturing sector. It will also consolidate the fundamentals of foreign trade and investment—trade in goods, trade in services and digital trade.

These were part of reports presented recently by several ministers on the direction of policymaking for this year.

Minister of industry and information technology Jin Zhuanglong highlighted initiatives like a programme to promote the high-quality development of crucial industrial chains in the manufacturing sector and establishing new innovation hubs for manufacturing.

His ministry will support leading enterprises to help optimise their innovation chains. It will also guide large firms to share innovation resources with small and medium enterprises and promote the testing and use of products developed by smaller enterprises. Competitive industries like the new energy vehicle and rail transport equipment will also receive support, Jin said.

Commerce minister Wang Wentao highlighted the need to expand the trade of intermediate goods, promote the sound development of cross-border e-commerce and improve the professional and digitalisation standards of overseas warehouses, a state-controlled news outlet reported.

Efforts will be made to construct industrial clusters focused on innovation of both digital trade technology and the institution, actively participate in the global digital trade governance and align with international economic and trade rules, Wang added.

Measures will be adopted to foster the development of rural industries, as well as infrastructure and governance in rural areas, agriculture minister Tang Renjian noted.

Source: fibre2fashion.com– Feb 07, 2024

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# NCTO supports US crackdown on textile sector 'unfair trade practices'

The National Council of Textile Organizations (NCTO) has firmly endorsed the recent initiative by the US administration to combat “unfair trade practices,” linking such practices to the closure of eight manufacturing facilities in the last quarter.

This is as per reports, which further added homeland security secretary Alejandro N Majorkas recently revealed a swift 30-day action plan designed to address these practices, highlighting collaboration with various agencies and the private sector.

The plan aims to enhance the UFPLA Entity List, holding companies accountable.

The NCTO is eager to contribute to refining the plan, specifically focusing on robust enforcement to counteract the Uyghur Forced Labor Prevention Act and address the misuse of the de minimis rule, which has led to numerous unchecked imports adversely affecting the US industry.

Source: fibre2fashion.com– Feb 06, 2024

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## US' SAC & SLCP unite for expanded impact in apparel sustainability

In a milestone development, the Sustainable Apparel Coalition (SAC) and the Social & Labor Convergence Program (SLCP) have announced a deepened strategic collaboration as SLCP has completed its separation from SAC and transitioned into an independent non-profit foundation.

Recognising the importance of industry convergence, the organisations will work together to expand the reach of the Converged Assessment Framework (CAF) into adjacent product categories and industries. This joint effort aims to streamline assessments, reduce duplication, and foster harmonisation in social and labour tools across sectors.

Moreover, SAC and SLCP will synergise their efforts to accelerate insights based on CAF/ Higg Facility Social & Labor Module (FSLM) data. This collaboration extends to the production of aggregated industry reports, providing stakeholders with comprehensive and actionable information.

In September 2023, SLCP signatories voted in favour of SLCP's five-year Strategy, which included the plan to transition to an independent organisation. That same month, the SAC Board also approved the plans for separation. SLCP officially separated from SAC on February 1, 2024. Its new legal entity is a Dutch non-profit foundation known as a 'Stichting', SAC said in a press release.

"As both organisations navigate this exciting new phase, our commitment to shared goals and values is greater than ever and propels us toward catalysing collective action at scale," said Andrew Martin, executive vice president at SAC. "Leaders stand out by their ethics, integrity, accountability, and responsibility.

It is no longer enough to deliver value to shareholders without lasting positive human impact and societal change. We believe our collaborative efforts will continue to uphold safe, respectful working conditions and establish new benchmarks for sustainability and social responsibility."

"We are excited to be moving forward with the next stage of SLCP's evolution, building on the strong foundation and the impact we have already achieved with SAC, our signatories, and partners," said Janet Mensink, chief executive officer at SLCP. "Our collaboration with SAC is a testament to the power of industry-wide cooperation. Through the adoption of the CAF and the Higg FSLM, we are able to create a more streamlined approach to social compliance assessments and reallocate resources to fulfil our shared ambition of improving working conditions. We are grateful to everyone who has helped and supported us to get to this point, and I look forward to continuing and deepening our relationship with SAC to drive even greater impact."

Since its inception in 2015 by the SAC, the SLCP has made significant strides towards reducing audit fatigue and enhancing working conditions within the apparel industry. Over the span of eight years, SLCP has witnessed growth, attracting more than 250 signatories and rolling out the CAF across more than 60 countries.

Among SLCP's key accomplishments, over 11,000 facilities worldwide have completed SLCP-verified assessments, demonstrating the framework's widespread adoption across various sectors. This initiative has also led to substantial financial benefits, unlocking an estimated $23 million annually by minimising the need for duplicative audits. Furthermore, the public endorsement of SLCP data by over 70 leading brands and organisations highlights the significant impact and collective success of these collaborative efforts in driving positive change within the global apparel sector.

Both SAC and SLCP reaffirm their commitment to a closely-knit strategic collaboration, aligning their tools and strategies for a shared vision of improved global working conditions. The SAC is steadfast in supporting and incorporating the CAF as the preferred social compliance assessment framework for its Higg FSLM tool.

"SLCP has just completed its first five years as a live programme," said Jonathan Obermeister, SLCP's independent chair. "During that time, we have demonstrated the value we can bring, built critical mass and achieved financial self-sufficiency.

We're now ready to take the next step as a fully independent organisation, with ambitious plans for growth while maintaining the multi-stakeholder ethos which has been such an important factor in our success so far. The new foundation board has total confidence in SLCP's future and high-performing team, and we are excited about what we can accomplish together in the years ahead."

“Together, SAC and SLCP will continue to call for harmonised assessment frameworks and increased adoption, fostering a culture of responsibility and accountability within the industry,” said Tamar Hoek, SAC board chair.

“This collaboration is a testament to what can be achieved when organisations work together with a shared vision for a better, more sustainable future.”

Source: fibre2fashion.com– Feb 07, 2024

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# UK retail sector faces slow growth in January 2024: BRC

The UK's retail sector has shown signs of slowing down in January 2024, with total retail sales increasing by only 1.2 per cent year-on-year (YoY), according to British Retail Consortium's (BRC) Retail Sales Monitor. This growth is notably lower than the 4.2 per cent increase witnessed in January 2023 and falls below both the three-month and twelve-month average growth rates of 1.9 per cent and 3.4 per cent, respectively.

Non-food sector experienced a YoY decrease of 1.8 per cent over the three months leading to January. This decline is sharper than the 12-month average decline of 0.5 per cent and marks a significant reversal from the 2.9 per cent growth recorded in January 2023. Specifically, for the month of January, the non-food sector reported a YoY decrease.

In-store sales of non-food items also faced difficulties, with a 1.5 per cent decrease YoY over the three months to January, a stark contrast to the 7.2 per cent growth seen in January 2023. This performance is below the 12-month average growth rate of 0.8 per cent, as per BRC.

The online non-food sales sector was not spared from the downturn, recording a 4.2 per cent decline YoY in January. This decline is more pronounced than the 4.1 per cent decrease reported in January 2023 and exceeds both the three-month and twelve-month average declines of 2.3 per cent and 2.8 per cent, respectively. Additionally, the penetration rate of non-food items purchased online saw a slight decrease to 35 per cent in January from 35.4 per cent in January 2023.

Helen Dickinson OBE, chief executive of the British Retail Consortium, said: “Easing inflation and weak consumer demand led retail sales growth to slow. While the January sales helped to boost spending in the first two weeks, this did not sustain throughout the month. The milder temperatures meant clothing sales performed poorly, particularly winter clothing and footwear.

“With the Spring Budget in sight, and a general election looming, government cannot afford to ignore the needs of retailers and their customers. Employing three million people and supporting families and communities in every corner of the country, retail is the ‘everywhere economy’. By addressing the cumulative burdens, from business rates’ rises, to ill-conceived new recycling proposals to border control costs, the next government can unlock retail investment and boost local and national economic growth."

Linda Ellett, UK head of consumer markets, leisure and retail, KPMG, said:"It may be a new year, but the hangover of low consumer confidence remains, with retail sales growing by a lacklustre 1.7 per cent on the high street, and online operators seeing yet another month of negative sales performance.

"The extraordinary weather conditions across large parts of the country did little to encourage shoppers out on to the high street, whilst continued industrial action on the rail network was unhelpful for city centre locations. Whilst there are some positive signs that mortgage rates are starting to fall and stabilise, and shop inflation has fallen to its lowest level in over a year, the feel good factor has yet to materialise at the tills."

Source: fibre2fashion.com– Feb 07, 2024

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# Australian economic outlook uncertain; RBA keeps interest rates steady

The Reserve Bank of Australia today decided to leave the cash rate target unchanged at 4.35 per cent and the interest rate paid on exchange settlement balances unchanged as well at 4.25 per cent.

Despite encouraging signs, the economic outlook is uncertain and the central bank remains highly attentive to inflation risks. Returning inflation to target within a reasonable timeframe remains its highest priority, it said in a release.

Inflation to projected to return to the target range of 2-3 per cent in 2025, and to the mid-point in 2026.

Though inflation continued to ease in the December quarter last year, it remains high at 4.1 per cent.

Goods price inflation was lower than the RBA's November forecasts. It has continued to ease, reflecting the resolution of earlier global supply chain disruptions and a moderation in domestic demand for goods.

Higher interest rates are working to establish a more sustainable balance between aggregate demand and supply in the economy.

Accordingly, conditions in the labour market continue to ease gradually, although they remain tighter than is consistent with sustained full employment and inflation at target.

Wage growth has picked up but is not expected to rise much further and remains consistent with the inflation target, on the assumption that productivity growth increases to around its long-run average. Inflation is still weighing on people's real incomes and household consumption growth is weak, as is dwelling investment.

Employment is expected to continue to grow moderately and the unemployment rate and the broader underutilisation rate are expected to increase a bit further, the bank added.

Source: fibre2fashion.com– Feb 07, 2024

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# Australian company offers the world a S.O.F.T. option for problem textiles

Sometimes a lack of local ambition – as well as lack of larger-sized companies – gets cited as an obstacle to Australian companies contributing new technologies and economic diversification.

In December, Industry Innovation and Science Australia research reminded us about the small number of medium-sized companies — a "missing middle" — with "scaling of innovation and realisation of commercial benefits either fail[ing] or… taken offshore" as a result. It also estimated that between just 5 and 15 per cent of Australian SME business leaders wanted to grow their firm into a multinational; the rest operated "lifestyle businesses".

There are, of course, counterpoints in manufacturing and elsewhere, displaying the risk tolerance necessary to for international leadership in a difficult emerging industry.

BlockTexx is one such example.

In 2022 they opened what was reportedly the world's first commercial-scale recycling facility for polyester and cotton blends, taking on one of the major challenges in an already majorly-challenging sector to operate in: textile recycling.

"Textile recycling is, from a chemical separation point of view, incredibly new," Graham Ross, who co-founded the company in 2018 with Adrian Jones, tells @AuManufacturing.

"We're one of the leading companies in the world and there's only a handful of us who are sort of at pilot scale or just got out of labs."

When we speak to Ross in late-January, he is upbeat. The company is on track to shortly scale up capacity from 4,000 tonnes to 10,000 tonnes per annum at what Ross describes as a "small or an early-stage commercial scale plant" at Loganholme, south of Brisbane.

"Which is still quite small, but is still massive in the scale of where we are in the early stage," he adds.

BlockTexx's chemical separation method – SOFT, or Separation of Fibre Technology – was developed with Queensland University of Technology and CSIRO scientists.

According to the company it is able to recover about 95 per cent of blended polyester-cotton, turning this into plastic flakes (which are pelletised as recycled PET) and cellulose, which has uses ranging from building materials to hydromulch for site revegetation.

As the composites industry has learned, while blending two or more materials provides physical improvements, it creates problems if you want to recycle something at the end of its life.

An estimated half of all textiles are poly-cotton blends.

The Australian Fashion Council estimates textile waste is a 210,000-tonne per annum issue in Australia. Globally, one estimate is that textile waste will reach 140 million tpa by the decade's end.

Ross says that current textile recycling capacity can only address a small chunk of the problem. He estimates chemical recycling – currently at its Model T Ford stage – will achieve the ubiquity of plastic recycling in about a decade or a half.

BlockTexx's business is not just about remanufacturing.

In five-and-a-half years it has grown a supplier network to more than 200 across Australia, mainly in the commercial sector (including hotels, hospitals and workwear), runs a nation-wide collection service with a logistics partner, and a decommissioning network in four states with the national disability service.

"And think of any major brand that you can mention, we're either working with them or they're scheduled to work with us," he adds of the supplier side.

Since the beginning, Ross and Jones have aimed to expand internationally, when the time is right, through a licensing model.

So while there is an identified abundance of companies in Australia unconcerned with growing beyond our borders or developing new-to-the-world answers to thorny problems, that doesn't go for everyone.

According to Ross, it's only real innovation if you're changing society for the better.

"My personal idea of innovation is something that benefits society. It's an innovation that changes the direction of society in a positive way for the future. It's one where other actors can get involved, they can build things from, or into, or supporting of," he says, citing the shifts delivered to lives, commerce and more through the iPhone.

"So for me those kinds of innovations [matter], not innovations that don't actually provide any evolution of the industry. If it's just an innovation to keep business as usual controlled, that to me is not innovation; that's just a business strategy."

In this episode of @AuManufacturing Conversations, Ross tells us about a passion for marathons and triathlons brought him to sustainability in textiles, why recycling is a great way to go broke if you don't do it right, what needs to change to improve the way industry and researchers work together, and more.

Source: aumanufacturing.com.au– Feb 06, 2024

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# Green technology revolutionizes Japanese textile industry

Green Theme Technologies (GTT) is revolutionizing the Japanese textile industry with its PFAS-free and water-free EMPEL textile finishing platform. EMPEL offers unparalleled performance and long-term sustainability, attracting the attention of key players like YKK, a global leader in zipper manufacturing.

YKK has already integrated EMPEL technology into its manufacturing process and is promoting it globally through its new DynaPel collection. The innovative solution not only enhances performance but also aligns with the growing demand for eco-friendly alternatives in the textile market.

GTT's expansion into Japan is facilitated by the Japan External Trade Organization (JETRO), underscoring the government's commitment to fostering international trade and investment. Approved for JETRO's Invest Japan Support Program, GTT is poised to establish a presence in Japan, leveraging the J-Bridge Program to cultivate partnerships with local stakeholders.

Martin Flora, GTT's President of Business Development, emphasizes Japan's reputation for innovation and quality in textiles. He highlights EMPEL as the natural choice for Japanese manufacturers seeking clean, high-performance solutions for water repellency, stain resistance, and anti-wicking properties.

YKK's adoption of EMPEL in its DynaPel water-repellent zipper reflects the industry's shift towards sustainability and innovation. Recognized with the prestigious ISPO Textrends Best Product Award, YKK's innovative approach eliminates the need for PU film, enhancing usability and compatibility with garment recycling systems.

GTT's collaboration with Japanese industry leaders signifies a significant step towards a more sustainable and competitive textile landscape, demonstrating the potential for green technology to drive positive change on a global scale.

Source: fashionatingworld.com– Feb 07, 2024

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# Türkiye ranks 7th globally in textile, ready-to-wear exports

Attending the Istanbul Ready-to-Wear and Fashion Fair (Istanbul Fashion Connection-IFCO), Trade Minister Ömer Bolat said Wednesday that Türkiye ranks seventh among all countries in the world and third in Europe in terms of ready-to-wear exports.

"With an export of $20.6 billion (TL 630.35 billion) in ready-to-wear clothing and $12.3 billion in textiles exports, we achieved exports exceeding $30 billion," he said during the event.

Organized by the Istanbul Apparel Exporters' Association (IHKIB) in collaboration with the Istanbul Chamber of Commerce (ITO) and with the support of the Ministry of Trade, the IFCO opened its doors Wednesday and is set to continue through Saturday.

Speaking at the opening of the event held in Istanbul Expo Center, the largest ready-to-wear clothing fair in Europe, the minister touched on the anniversary of last year's devastating earthquakes, expressing that the power of the society was seen once again with the solidarity displayed as a state and nation in the region impacted by the tremors.

Highlighting it was the fifth edition of the fair, Bolat pointed out that Istanbul emerged as a "fashion center," while Türkiye has become a production, supply, logistics, trade, energy and fair center.

He further recalled that the Turkish economy expanded by 4% in the first nine months of last year, and increased its national income to $1.07 trillion, underscoring the significance of exports to this end.

"Last year, despite the decline in world exports and imports, as Türkiye, we reached $256 billion (in exports) with an increase of 0.64%. This was marked as a record in the history of the republic. We express our gratitude to the exporter family who achieved this," he said.

The minister emphasized that Türkiye's garment sector accounts for approximately 13%-14% of the nation's total exports. He highlighted advantages such as proximity to target markets, a diverse product range with original designs, being a prominent cotton producer, and the ability to swiftly deliver products, all contributing to this success.

Reminding that they aim to export $267 billion of goods and $110 billion of services for this year, Bolat stated that the ready-to-wear apparel and textile sectors would also contribute to the export target with increasing orders as of the second half of the year.

Furthermore, he stated that the import of key countries within the European Union has dropped by approximately 15%, but that Türkiye managed to boost its exports to its top trading partner.

"Despite the global downturn in exports and imports, our share of global merchandise exports has risen from 1.02% to 1.06%. We aim to reach 1.30% by 2028," he said.

Source: dailysabah.com– Feb 07, 2024

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# HKRITA and Epson team up for sustainable recycling

Textile giants HKRITA and Seiko Epson are joining forces to develop a revolutionary recycling program that aims to breathe new life into discarded fabrics.

This partnership builds upon a 2023 agreement between the two organisations. Taking a step forward, the companies are applying HKRITA's expertise in textile recycling systems to Epson's innovative dry fiber technology.

This technology, previously used to transform waste materials into water-free paper, will now tackle the challenge of defibrating complex fabrics like those blended with elastic or tightly woven.

HKRITA will play a crucial role by providing technical support throughout the recycling process and evaluating the quality of the recycled materials. Edwin Keh, CEO, HKRITA, says, this collaboration allows us to develop a truly comprehensive approach to sustainability, one that transcends industry limitations and opens doors to new opportunities."

Satoru Hosono, Technology Development, Epson, adds, the company's collaboration with HKRITA aims to use a unique dry fiber technology to give new life to clothes and fabrics that would otherwise end up in landfills.

This partnership promises to extend the lifecycle of materials by recycling discarded fabrics and address the growing demand for recycled textiles.

Source: fashionatingworld.com– Feb 07, 2024

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# Belarus to cooperate with clothing manufacturers from Uzbekistan

Belarus will cooperate with Uzbek enterprises in the production of apparel, Chairwoman of the Belarusian state light industry concern Bellegprom Tatiana Lugina told the media on the sidelines of the 2nd Forum of Regions of Belarus and Uzbekistan in Tashkent, BelTA has learned.

“We have slightly revised our approaches and views on possible cooperation between the Belarusian and Uzbek light industries. For decades we have been working with Uzbek cotton in the form of yarn, textiles, and knitted fabrics. Over the last two years we have made significant steps forward in industrial cooperation,” Tatiana Lugina said.

Belarus has a shortage of seamstresses. Attracting citizens from other countries does not seem the best option. “We have gone the other way. Today such Belarusian enterprises as Svitanak, Slavianka, Kalinka, Orsha Linen Mill have already placed their orders with Uzbek enterprises. We bring our own textiles, knitted fabrics, documentation, and developments. We also train workers and provide technical support,” she noted.

“Strategically, we have decided that labor-intensive products (suits, dresses, coats) and some complex elements will be made in our country. In terms of some other assortment items we will work with our Uzbek colleagues ,” Tatiana Lugina added.

Source: aumanufacturing.com.au– Feb 06, 2024

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# Kenyan textile firms, governors decry plans to import duty-free fabric

Textile manufacturers and governors from 24 cotton-growing counties in Kenya recently raised concern over the government's plan to import duty-free fabric, fearing the proposed decision will jeopardise the sector, devastate cotton farmers and the progress made in reviving the sector will go in vain.

Importing duty-free fabric will affect farmers who are facing challenges, including factory closures, said Homa Bay county governor Glady Wanga and her Busia counterpart Paul Otuoma.

As state-controlled Rivatex has been revised, supporting farmers is crucial to ensure the availability of raw materials, they feel. Rivatex managing director Thomas Kipkurgat said modernisation of the facility is 98 per cent over and new machinery is expected to raise production capacity and product quality.

"It contradicts the bottom-up economic agenda's focus on creating jobs and empowering farmers," Wanga was quoted as saying by a Kenyan media outlet.

The commitment by farmers to supply enough raw materials warrants government support, said Otuoma, calling for extension services to educate farmers on better practices to boost yield.

Calling for embracing the 'Buy Kenya, Build Kenya' spirit, Thika Cloth Mills managing director Tejal Dodhia cautioned about the risk of job losses due to reliance on imports.

"Ninety-five per cent of our products are 100-per cent cotton. I urge everyone to oppose duty-free fabric imports we can produce ourselves," added Kipkurgat.

Source: fibre2fashion.com– Feb 07, 2024

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# Indonesian ambassador engages BGMEA president in bilateral trade talks

Ambassador of Indonesia to Bangladesh, Heru Hartanto Subolo, visited Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) recently, to discuss bilateral trade relations.

The meeting primarily aimed at fostering collaboration, particularly in the apparel and textile sector, between the two countries.

Key discussions revolved around various trade-related issues, with a shared commitment to identifying new avenues for collaboration to maximise mutual trade and investment opportunities.

During the meeting, Faruque Hassan highlighted Bangladesh's heightened focus on diversifying its garment production, especially in high-value apparels made from manmade fibres.

He mentioned the potential for Bangladesh to import manmade fibre and yarn from Indonesia to support this endeavour.

Furthermore, Hassan urged Heru Hartanto Subolo to incentivise Indonesian businesses to invest in Bangladesh's manmade textile sector, citing the potential for a mutually beneficial partnership.

He also highlighted the industry's interest in augmenting apparel exports to Indonesia and sought the ambassador's cooperation in this regard.

Additionally, Faruque Hassan sought Subolo's support in establishing collaboration between BGMEA University of Fashion and Technology (BUFT) and Indonesian fashion institutes with the objective to enhance the knowledge and skills of BUFT students in various areas, such as fashion design, product development, and relevant technologies.

Source: fibre2fashion.com– Feb 07, 2024

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# Bangladesh makes advance in logistics competency

Bangladesh's logistics sector has made a further progress, climbing to 33rd position among the top 50 emerging logistics markets worldwide in 2024.

This is as per the Agility Emerging Markets Logistics Index.

The index evaluates competitiveness based on domestic and international logistics opportunities, business fundamentals, and digital readiness.

Bangladesh scored 4.61 out of 10 in these metrics.

Bangladesh’s rise is primarily attributed to domestic logistics, digital readiness, and business fundamentals.

Despite the improvement, Bangladesh still lags other South Asian economies.

India ranked second, offering attractive investment prospects as an alternative to China while Sri Lanka and Pakistan held 26th and 29th positions, respectively.

The country has remained the lowest ranked among South Asian peers since 2019.

Meanwhile, Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh, applauded the sector's advancement, highlighting its role in bolstering competitiveness.

He stressed the necessity for a National Logistics Policy and enhanced customs clearance processes for further progress.

Source: fibre2fashion.com– Feb 07, 2024

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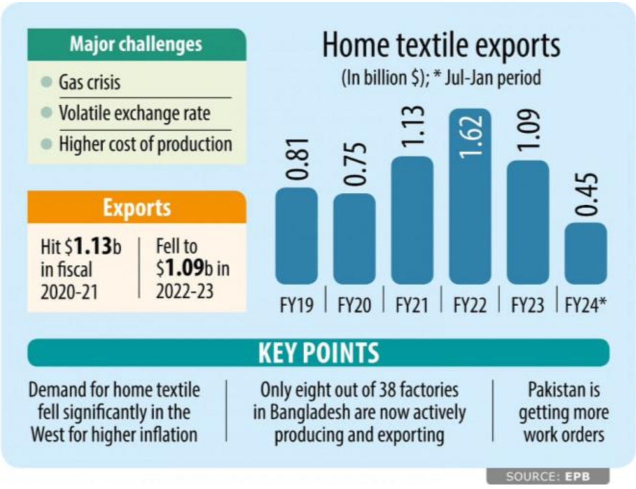
# Bangladesh: Home textile exports hit by currency volatility, gas crisis

The highly promising home textile sector of Bangladesh is losing its lustre in the export market as the lingering gas crisis, the volatile exchange rate and the higher production cost are forcing many factories to go out of business.




Home textile export crossed the $1-billion mark in the fiscal year of 2020-21, registering a whopping 49.17 percent year-over-year growth, data from the Export Promotion Bureau (EPB) showed.

The momentum continued into the following year as the shipment of home textiles, mainly bed sheets, terry towels and curtains, rose 43.28 percent to $1.62 billion.

The trend reversed in the last fiscal year as suppliers were hit by the gas crisis -- driven by a lower local production and a cut in the imports of liquefied natural gas owing to a fast depletion of foreign currency reserves – and a significant fall in the value of the taka against the US dollar.

Therefore, the export declined 32.47 percent to $1.09 billion in 2022-23 and the downward trend persisted in the first seven months of the current financial year. The shipment fell 34.37 percent to $454.74 million between July and January of 2023-24.

The demand fall has been the major reason for the business slowdown in the export destinations. Consequentially, the number of home textile mills fell significantly, millers say. Currently, only eight mills are actively manufacturing and exporting products, down from 38 a few years ago.

The latest blow for the sector stems from the instability in the foreign exchange market. The taka has weakened by about 30 percent against the US dollar in the past two years, making exports cheaper and imports costlier.

Industry people say home textile is mostly a seasonal business. But the positive aspect was international retailers and brands used to place orders for two to three years before the current crisis emerged.

But millers did not book orders for a lengthy period after the government raised the gas price from Tk 16 to Tk 30 per unit in February last year. The move has raised their cost of production immediately and to a large extent. Home textile production requires a lot of gas to run steam boilers and carry out the dyeing process.

The perils did not end there since industries face uncertainty because any further increase in the price of energy can't be ruled out as the government is under continuous pressure to cut back on its subsidy expenditure to lessen pressure on its coffer.

Consequently, international retailers and brands have started flocking to a ready market in Pakistan to source home textile. The country is strong when it comes to supplying home textile because of its own cotton whereas Bangladesh has to rely on external markets to meet almost the entire demand for the raw material used to make yarn.

The Pakistani currency has also weakened against the dollar: the rupee is trading at 278-279 per USD, which allows home textile makers to sell the items at lower prices.

Khorshed Alam, chairman of Little Group, a textile miller, said the profit margin was 3 percent before the hiking of the gas price. But the production cost outpaced the profit by 5 percent after the gas price rose significantly. "As a result, home textile millers did not book new orders. This has led to a production fall by 50 percent all of a sudden."

Moreover, Bangladesh's textile millers have lost the market to their Pakistani competitors as the rupee has been over-devalued for many years, he said. Alam gave the example of a local home textile miller that used to pay Tk 64 crore as the gas bill a month whereas the expenditure has rocketed to Tk 126 crore now.

"This has significantly raised the operational costs and affected the company's profit margin as a consequence. This has also forced the firm to stop taking in new orders like it did in the past and has halved the production capacity to remain competitive in a volatile business environment."

The cost of funds for entrepreneurs has also increased after the central bank withdrew the 9 percent lending rate ceiling in June following maintaining it for more than three years.

Noman Group, the largest home textile producer and supplier in Bangladesh, saw its production fall by 30 percent due to lower demand. The Russia-Ukraine war and the latest Middle East crisis have also hit the exports.

Currently, the company ships goods worth $22 million a month on average. It was $32 million a few months ago, according to Md Shahidullah Chowdhury, executive director of the group.

He said Noman Group used to export $1.2 million worth of home textile to Russia before the war broke out. It has come down to zero.

"Similarly, the export to Europe also declined because of higher inflation." Due to the volatile exchange rate and the gas crunch, some big home textile companies have closed in the last few years, according to Monsoor Ahmed, chief executive officer of the Bangladesh Textile Mills Association (BTMA).

BTMA President Mohammad Ali Khokon warns if the gas situation does not improve, more textile mills might close soon.

Source: thedailystar.net– Feb 08, 2024

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# Red Sea crisis increases challenges for Bangladesh apparel exporters

Bangladesh's garment exporters are facing escalating challenges due to the heightened geopolitical tensions in the Red Sea as reinsurers globally are imposing a significant hike for war risk coverage.

Reports stated this adding the risks associated with shipping through the crucial artery of global trade, extending up to the Suez Canal, have escalated as the conflicts shifted focus to US-Houthi missile attacks.

Given the increased risk, standard war-coverage premium of 0.05 per cent has been increased by reinsurers to an additional rate of 0.175 per cent, resulting in a total of 0.225 per cent increase.

According to the local insurers, this elevated rate of 0.225 per cent applies to ships navigating the Red Sea, Gulf of Aden, Indian Ocean boundaries, and the Persian/Arabian Gulf of Oman.

Meanwhile, speaking to the media, vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Shahidullah Azim, expressed concerns over the rising insurance costs, predicting potential pressure on apparel prices as buyers may seek reductions to offset additional expenses.

Source: fibre2fashion.com– Feb 06, 2024

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# Pakistan: Clothing exports to China rise by 3% in 2023

The strong demand for Pakistani textiles in the Chinese market is reflected in this increase in exports. Pakistani men's and women's clothing has been sought after in China due to its quality and competitive prices, he told China Economic Net (CEN).

In addition, Pakistan enjoys a competitive advantage in land trade with China and zero tariffs under the Free Trade Agreement between the two countries.

In the year 2023, Pakistani men's garments exports to China touched $28.66 million. Women's garments exports from Pakistan to China reached $10.46 million while last year in the same period it was $9.44 million, representing a rise of 11%.

The overall exports of men's and women's garments crossed $39.12 million and increased by 3% in the year 2023, he added.

In addition, Qadir pointed out that in May, Pakistan organised the largest textile exhibition ever held in Karachi called TEXPO 2023 where around 120 representatives of China's top textile enterprises participated and signed multi-million-dollar contracts at the Expo Centre.

Source: tribune.com.pk– Feb 07, 2024

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# Pakistan Looks to Benefit From Organic Cotton

Even after a resurgence in the cotton production estimates for Pakistan in 2023/24—roughly 67 percent higher than the flood-damaged 2022/23 crop according to the U.S. Department of Agriculture—there is a push for change.

In this vein, the shift toward going organic has been growing, following field work begun in 2022 with 1,200 farmers. Enter the Organic Cotton Accelerator (OCA).

The idea of organic cotton has promise with increased sustainability standards being adopted by European Union, as well as in the context of the enormous damages faced by cotton farmers in Pakistan over the previous year when floods damaged more than 60 percent of cotton production.

It also brings into play a series of cross collaborations both global and local. Founding partners for OCA include Laudes Foundation, H&M, Kering, Eileen Fisher, Textile Exchange, Tchibo, Inditex, and C&A with the aim of using the collective investments as a catalyst for change.

Local players are optimistic about the program, and have commented on its value—including the need for training.

The Organic Cotton Training Curriculum plays a huge part in this.

Muhammad Saleem Akhter of the Mahmood group of Industries, observed: "The Organic Cotton Training Curriculum (OCTC) is the first national guiding document on organic cotton farming of Pakistan. It smartly explains the overall process and its outcomes.

It is simple and fully equipped with modern tools of communication and training aids like role-play, group activities and brainstorming which not only train the audience but make the overall process fully participatory."

The 12 training modules cover a gamut of important issues in the difficult transition from traditional cotton farming to organic—often a process that spans at least three years.

“We bring the resources like the curriculum, but also capacity building facilities to those implementation partners to try and streamline the methodologies we use,” Ruud Schute, program director, OCA told Sourcing Journal. “We reach out to the farmer communities at the beginning of the season, sometimes by supplying seed, mostly by supplying capacity and training and at the end of the season we aim to procure—we have an 85 percent procurement ration—and then we measure the premium that was paid to the farmers to make sure that they have level or better business case than conventional farmers in the same region, village, or district.”

Organic cotton is still far from making big inroads—less than 2 percent of global cotton production is organic—but Schute is optimistic.

“Nothing is perfect, it’s all about continuous improvement,” he observed. “Initially cotton systems were mostly asking for certificates. Now they are becoming very aware that its all about partnerships, climate, nature, diversity—it is about the farmer’s needs, guaranteeing procurement, fair compensation and about sensitizing those communities to what’s going on.”

The similar program in India has been a success by most counts, with 4.4 million euros ($4.77 million at the present exchange rate) given to farmers in 2022, according to OCA’s annual report.

“The reason to go to Pakistan was not to replicate what India does,” Schute explained, detailing the situation.

Among the different geographical factors, “‘Pakistan also has a shorter staple fiber which is used in denim, toweling and home textiles—the qualities are somewhat different, and as textile exports have grown there has been a huge push to grow the organic cotton in the country.” he said.

Source: sourcingjournal.com– Feb 07, 2024

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# NATIONAL NEWS

## Govt sets up task force to resolve non-tariff barriers, says Piyush Goyal

The government has set up a task force under the Department of Commerce to identify, categorise and develop tailored strategies for the resolution of non-tariff barriers, Parliament was informed on Wednesday.

Such barriers include prior registration requirements in the exporting country, cumbersome testing and certification requirements and unreasonable domestic standards/rules.

Different countries enforce various regulatory measures to ensure the safety and quality of the products placed in their territory.

These measures apply equally to domestic manufacturers and importers. However, such measures may sometimes act as trade barriers due to various reasons like gaps in the regulatory frameworks and quality compliance requirements of the trade partners, lack of transparency, arbitrariness or differing interpretation of the rules, and improper implementation.

"Taking cognizance of the challenges involved in mapping the trade barriers, and to give increased focus, a task force has been set up under Department of Commerce, to identify, categorise and develop tailored strategies for resolution of these identified non-tariff barriers," Commerce and Industry Minister Piyush Goyal said in a written reply to the Lok Sabha.

The resolution of trade barriers, including ensuring increased and effective market access, is a continuous process and endeavour.

He said India also engages in regulatory cooperation to help ensure that global rules governing the regulatory structures are favourable and consistent.

Replying to another question on trade with Pakistan, the minister said that in August 2019, Pakistan took a number of measures to downgrade the bilateral relations with India.

"One of the decisions was to unilaterally suspend the bilateral trade with India. However, export of only therapeutic products has been allowed...," Goyal said, adding that normally, the Atari-Wagah border and Karachi Port are the two major trade routes between the countries.

"The onus of resumption of bilateral trade lies with the Government of Pakistan," he added.

Source: business-standard– Feb 07, 2024

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# No pressure to conclude India-UK FTA talks due to forthcoming elections, says source

India will not conclude the India-UK Free Trade Agreement (FTA) talks in haste under the pressure of forthcoming general elections, as negotiations for a favourable outcome can continue even after the new government comes in, a senior official has said. "India will not do anything under pressure. We are not affected by elections. We will do it (sign the FTA) only when we get good terms," the official told businessline.

Recently, a UK trade delegation, led by Douglas McNeill, Chief Economic Advisor to the UK, PM Rishi Sunak was in New Delhi, meeting top decision makers including Finance Minister Nirmala Sitharaman, Commerce Minister Piyush Goyal and senior officials in the Prime Minister's Office hoping to expedite a break-through in the talks. While negotiators from the two sides have managed to reach an agreement on most issues in the 26 chapters of the proposed pact, there are a handful of areas which continue to be problematic. These include business visas, rules of origin, IPR, final duty-cuts on Scotch and automobiles, financial services and an investment pact.

"We are on our feet. We do compromise and we do accommodate other requests. But till the pact is equitable, fair and balanced, India will not accept it," the official said. If the talks get pushed back till after India's elections, there is a possibility that the UK would then get caught up in its own elections. But, New Delhi does not have an issue with that, the official said.

"Even if a different party forms the government in the UK, the proposed FTA with India will not be under threat. Every one wants to do business with India. It is because there are not many markets with the opportunity, labour and talent that India offers," he said.

In the on-going negotiations, the UK has so far been unwilling to offer much in the area of business visas, despite India emphasising that it is interested only in non-immigrant ones. "The negotiations are on and India is hopeful that it will be offered something substantial in the area of business visas as it is an important area for the country," another official said. The two countries are optimistic about bilateral trade doubling to $100 billion by 2030, if the FTA is implemented soon.

Source: thehindubusinessline.com– Feb 06, 2024

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# Govt eyes deal with EU countries that could draw $100 billion investment

India is close to finalising a first-of-its-kind trade deal that could see a small group of European nations invest as much as $100 billion over 15 years in exchange for easier trade access to the world's most populous nation, according to people with knowledge of the matter.

The European Free Trade Association, which comprises Switzerland, Norway, Iceland and Liechtenstein, made a commitment to invest in India as part of a trade pact that's in the final stages of negotiations, the people said, asking not to be identified as the talks are still ongoing.

The contours of the deal have been agreed and deliberations currently center on the final investment amount, which could be as much as $100 billion over 15 years, some of the people said. While India wants the commitment to be legally binding, one of the European officials said the amount will likely be framed as a goal, with no legal means to claim it included in the language of the agreement.

If finalised, it would mark the first time an investment commitment of this nature is secured by India as part of a free trade agreement.

Switzerland's Economy Minister Guy Parmelin said last month that the outline of a deal had been agreed upon, without giving details. Legal clarifications are currently being rushed so the deal can be signed before India holds elections likely from April, a European official with knowledge of the matter said.

India's commerce ministry didn't immediately respond when contacted by Bloomberg News.

The Swiss economy ministry said in a statement that the text of the agreement is "still to be finalised and both parties have agreed not to disclose the details at this stage."

The main points where agreement has been reached include "patent protection, which was controversial in the past, as well as a new type of investment promotion chapter," it said.

Norway's government declined to comment on the terms of the deal.

Trade Bloc

Switzerland is by far India's largest commercial partner among the members of the EFTA bloc, which comprises European nations which are not members of the European Union. Swiss two-way trade with India amounted to $17.14 billion in the 2022-23 fiscal year, out of $18.66 billion with the whole group.

For EFTA countries, the agreement — which has been 16 years in the making — will allow manufacturers to export processed food and beverages, electrical machinery, and other engineering products at reduced tariffs to a potential market of 1.4 billion people. The deal is also likely to benefit the pharmaceutical and medical devices industry of the bloc.

India is attracting investor interest from several countries as businesses look to diversify their supply chains from China and seek new growth markets. India expects growth of about 7% in the fiscal year beginning in April, making it one of the fastest-expanding major economies in the world. The United Arab Emirates is also considering investing as much as $50 billion in India.

The investment in India from EFTA countries would mostly come from private businesses and state-sponsored vehicles and would be targeted toward existing and new manufacturing projects, according to people familiar with the discussions. The investment will see more than 1 million jobs created in India, one of the people said.

The deal would also ensure easier movement of Indian professionals to the bloc and market access for some agricultural products, the people said. While Switzerland — the biggest economy in the EFTA bloc — is usually very protective of its farmers, easier market access for Indian rice could be acceptable since Switzerland only produces marginal quantities itself, a person familiar with the negotiations said.

Source: business-standard.com– Feb 07, 2024

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# MPC leaves repo rate unchanged at 6.50% in its last meeting of FY24

The six-member monetary policy committee voted by a majority of 5:1 to keep the repo rate unchanged at 6.50 per cent in its last meeting of FY24 as retail inflation continues to be above its target of four per cent.

This is the sixth meeting on the trot that the MPC has maintained a status quo on the repo rate (the interest rate at which banks draw funds from Reserve Bank of India to overcome short-term liquidity mismatches).

The six member also voted by a majority of 5:1 to continue with the "to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth" monetary policy stance.

Retail inflation had hit a four-month high of 5.69 per cent in December 2023 due to increase in food prices against 5.55 per cent in November.

Source: thehindubusinessline.com– Feb 08, 2024

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# Merchandise exports set to moderate to $435 billion in FY24: Exim Bank

India's merchandise exports are likely to moderate to USD 435.3 billion in FY24 against 447.46 billion in FY23, the Exim Bank said on Wednesday.

The merchandise exports are set to grow by nearly 3 per cent to USD 118.2 billion in the March quarter compared to the same period a year ago.

It can be noted that the merchandise exports declined for the first two quarters of the ongoing 2023-24.

In its quarterly study on the overall exports, the policy bank said the non-oil exports will grow 4.55 per cent to USD 95 billion in the January-March 2024 quarter.

"Positive growth in India's exports could be as a result of India's strong GDP growth fundamentals and outlook and expected global easing of monetary tightening spurring global demand," the bank said in the report. The oil exports are likely to remain subdued during the year, contracting by USD 12.5 billion compared to FY23, the bank said.

The outlook is subject to risks of uncertain prospects for advanced economies, geopolitical shocks, and the Middle East crisis, leading to the intensification of the Red Sea crisis and deepening geo-economic fragmentation, among other factors, the report noted.

Source: business-standard.com– Feb 07, 2024

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# Develop umbrella policies for cotton, closed jute mills: Parliamentary panel to govt

The Standing Committee on Labour, Textiles and Skill Development Wednesday suggested the government to come up with an umbrella policy approach for the cotton sector, a comprehensive policy with regard to reviving the closed jute mills or setting up new mills and explore the markets other than the UAE, US and EU for silk exports to "gainfully compensate" for any dip in the value of exports.

"The committee have recommended that the government should, instead of foregoing revenue by scrapping of import duties, should incentivise the cotton growing farmers of the country and handhold them irrespective of the cotton growing zone of the country to which they belong to," the committee said. It asked the ministry to commission a comprehensive study on the issues relating to production, productivity, soil system, and should contemplate for bringing more area of cotton cultivation under irrigation.

Considering the fact that the jute sector occupies an important place in the national economy and provides direct and indirect employment and source of livelihood to millions of people including a large number of women and rural population, the committee has asked the textiles ministry to expedite formulation of National Textile Policy and complete the exercise within a definite timelines. Separately, the Committee on Estimates (2023-24) on Empowerment through PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks Scheme has recommended the government to consider extending duty exemptions including CGST reimbursements and import duty rationalizations to curb low cost and undervalued import of Chinese knitted fabric.

The Standing Committee on Labour, Textiles, and Skill Development proposed an umbrella policy for the cotton sector and comprehensive measures for reviving closed jute mills or establishing new ones. It suggested exploring alternative markets for silk exports beyond UAE, US, and EU to offset potential export value declines. The committee advised incentivizing cotton farmers instead of scrapping import duties and urged a comprehensive study on cotton production issues. Additionally, it urged expediting the National Textile Policy formulation.

Source: economictimes.indiatimes.com– Feb 07, 2024

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# Govt directs ECGC to maintain moratorium on insurance rates for exporters

The government on Wednesday said it has directed the Export Credit Guarantee Corporation (ECGC) to maintain a moratorium on insurance rates for Indian exporters in the wake of the Red Sea crisis. State-owned ECGC is an export promotion organisation, seeking to improve the competitiveness of Indian exports by providing them with credit insurance covers.

Minister of State for Commerce and Industry Anupriya Patel said that the ECGC continues to provide insurance coverage to exporters.

She said that the corporation has not refused cover for export shipments routed through the Red Sea and the credit risk cover is being provided based on the risk assessment and creditworthiness of overseas buyers and terms of payment.

"The government has directed Export Credit Guarantee Corporation Ltd. to maintain a moratorium on rates of insurance for the Indian exporters," Patel said in a written reply to the Lok Sabha.

She said that some increase in the freight cost has been reported by the industry. Replying to a separate question, Patel said that the fruits destined for export to the US are irradiated in Indian irradiation facilities.

The United States Department of Agriculture (USDA) has approved four Indian Irradiation facilities for irradiation treatment.

As per the pre-clearance programme agreed between the two nations, the USDA inspector conducts the inspection of fruits destined for export to America in the approved facilities.

"The fruits are irradiated and inspected in India, in presence of USDA and India's Plant Quarantine Inspectors, and then are exported to USA," she said.

In another reply, she said that the government is mindful of the current geo-political situation and various IMEC partners are consulting each other on various aspects of the IMEC initiative.

On the sidelines of the G20 Leaders' Summit, India, the European Union, France, Germany, Italy, Saudi Arabia, the UAE and the US announced an MoU on September 9, 2023, committing to work together to develop a new India-Middle East- Europe Economic Corridor (IMEC).

IMEC is comprised of two separate corridors, the east corridor connecting India to the Arabian Gulf and the northern corridor connecting the Arabian Gulf to Europe.

It includes a railway route that, upon completion, will provide a reliable and cost-effective cross-border ship-to-rail transit network to supplement existing maritime and road transport routes - enabling goods and services to transit to, from, and between India, the UAE, Saudi Arabia, Jordan, Israel and Europe.

Source: economictimes.indiatimes.com– Feb 07, 2024

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# Inter-ministerial panel on Red Sea crisis to meet tomorrow

The high-level inter-ministerial group on the Red Sea crisis, chaired by commerce secretary Sunil Barthwal, will meet Thursday amid shipment delays and increase in cargo transport costs. This is the second meeting of the group that has officials from ministries of external affairs, defence, shipping and finance.

"As of now, there is no volume impact of the Red Sea crisis on India's exports though transportation costs have risen. There will be discussions on the steps being taken to help exporters," said an official.

The first meeting of the group was held on January 17. The Centre wants to ensure adequate credit flow to exporters as the disruption in the Red Sea region could impact over 80% of the trade with Europe.

"We will have to see how long-term demand is hit and how our competitor countries are being impacted," the official added.

Exports from India are continuing as the sailings of ships carrying containers from the country have been diverted via the Cape of Good Hope route. Longer routes are resulting in an increase in shipping costs.

Source: economictimes.indiatimes.com– Feb 07, 2024

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# Textile PLI: Can revamped scheme stitch success and boost growth?

The Production Linked Incentive (PLI) scheme, a government initiative to boost domestic manufacturing, has got mixed results in the Indian textile and apparel industry. While ambitious in its goals, the scheme's adoption by industry players has been sluggish, raising questions about its effectiveness in this crucial sector.

PLI in textiles: A promising start, stuttering steps

Launched in September 2021, the PLI scheme for textiles offered incentives worth Rs 10,683 crore over five years for investments in man-made fiber (MMF) apparel, fabrics, and technical textiles.

The aim was to attract investments of Rs 19,000 crore and increase production by Rs 3 lakh crore. Initial response seemed positive, with major players like Reliance Industries and Welspun expressing interest.

However, implementation hurdles and industry concerns have dampened enthusiasm. As of January 2024, only a handful of companies have applied for the scheme, and disbursement of incentives has been slow. As an expert explains, PLI application process is like a labyrinth, especially for smaller players. Simplifying it and offering handholding support are crucial.

And Anita Dongre, Fashion Designer points out the initial PLI scheme focused heavily on MMF, neglecting segments like cotton and home textiles, which are the backbone of our industry. PLI-2 seems like a step in the right direction.

Reasons for the slowdown

Several factors have contributed to the PLI's slow adoption in textiles.

Complex application process: As a stakeholder points out, the application process is like climbing Mount Everest. The documentation is extensive, and approvals take forever. Smaller players like don't have the resources to navigate this bureaucracy.

Stringent eligibility criteria: The minimum investment thresholds are too high for many players. Recovering from the after effects of a pandemic, and they can't risk such large investments without a clear guarantee of returns.

Unclear incentive calculation and disbursement: Moreover there's a lot of ambiguity about how the incentives are calculated and disbursed, points out a textile industry consultant. This lack of transparency creates uncertainty and delays investment decisions.

Existing infrastructural bottlenecks: Issues like power shortages, unreliable logistics, and high import duties on raw materials are major concerns among textile industry players. These add our production costs and erode the appeal of PLI benefits.

Limited scope of PLI-1: The initial PLI scheme (PLI-1) focused on specific segments like MMF and technical textiles, leaving out major segments like cotton and home textiles, which form a larger part of the industry.

Click here for more details

Source: fashionatingworld.com– Feb 07, 2024

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# Allow 90 days for payment of goods supplied by MSMEs to textile sector: TASMA

*Industry concerned over limiting the time for payment to 45 days*

The textile sector has expressed concern over the impact of a new clause in the Income Tax Act, 1961, through the Finance Act 2023 on payment for goods provided by Micro and Small Enterprises (MSME). In the Finance Act 2023, the Finance Ministry has introduced Section 43B(H), which would ensure payment towards the goods supplied by MSMEs within 45 days. This is as per provisions provided under Section 15 of the MSMED Act, 2006, to ensure prompt payments so that MSMEs will not be affected by delays in any fund flow issues.

Flagging the industry's concern, the Tamilnadu Spinning Mills Association (TASMA) has written to the Finance and MSME ministries saying the clause has triggered a panic among suppliers and buyers in the textile value chain. "Even though, the decision to introduce Section 43B(H), to the Income Tax Act 1961, ... many buyers, who have been receiving the goods / supplies hitherto with a flexibility of payment period as agreed upon between both the parties, are now hesitant to accept the goods, when the payment terms are limited to 45 days only," the association said.

Smooth trade so far

In certain trades in the textile industry, the payment period has been accepted by the supplier as well as the buyer as 90 days and transactions have been going on smoothly without any issue. Suppliers and buyers feel that a period of 90 days will be necessary to get the payment considering the nature of the goods which undergo further value-addition through other processes, TASMA said.

Hence, it has urged the MSME Ministry to amend the clause allowing 90 days for the settlement of payment with micro, small and medium enterprises. "If this cannot be introduced as a General Amendment to the Act, it can be considered restrictively for the textile industry alone suitably, considering the ongoing business practices ...," the association said.

Source: thehindubusinessline.com– Feb 06, 2024

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# Govt. undertakes measures to strengthen supply chains including logistic ecosystem

The Government is cognizant of the importance of supply chain and effective logistics for improved resilience in domestic production and trade.

In this regard, Government of India has taken several measures to strengthen supply chains including logistic ecosystem. PM Gati Shakti National Master Plan (NMP) was launched on 13th October 2021 for multimodal infrastructure planning, with a 'whole of government approach'. PM Gati Shakti NMP is a GIS-enabled platform that integrates data layers of the infrastructure of roads, railways lines, ports, inland waterways, telecom lines, power lines, etc. onto a single platform and enables comprehensive planning for multimodal logistics.

To complement PM Gati Shakti NMP, the National Logistics Policy (NLP) was launched on 17th September 2022 for efficiency in services by streamlining processes in logistics sector through Comprehensive Logistics Action Plans (CLAP), including development of human resources, adoption of digital technologies such as Unified Logistics Interface Platform (ULIP) and Logistics Data Bank (LDB). ULIP integrates 33 logistics related digital systems across Ministries, while LDB is operational to track and trace EXIM containers.

In addition, a series of reforms have been taken to promote investments and manufacturing in the country, such as a liberalised FDI policy, introduction of PLI Schemes in key sectors, reduction in corporate tax, Foreign Trade Policy 2023 with focus on improving ease of doing business through measures for reduction in compliance burden, Make In India, One District One Product initiative, District As Export Hub initiative along with other business reforms. Further, the existing Free Trade Agreements (FTAs) are ensuring supplies and market access to the manufacturing sector on preferential terms.

Programmes like Bharatmala and Sagarmala, Trade Infrastructure for Exports Scheme (TIES), Setting up of Industrial Parks and development of Industrial Corridors etc. also have been taken up to facilitate holistic infrastructure planning and accelerated economic development of the country.

At the international front, amongst others, apart from taking initiatives such as the ‘G20 Generic Framework for Mapping GVCs’, which will help countries identify opportunities for sectors and products critical for building resilience within GVCs, Government of India has also become signatory to the Indo-Pacific Economic Framework for Prosperity Agreement relating to Supply Chain (an initiative of 14 Member countries) and also part of the Supply Chain Resilience Initiative (SCRI) with Japan and Australia to build collective, long-term resilient supply chains based on international partnerships.

This information has been provided by the Union Minister of State for Commerce and Industry, Smt. Anupriya Patel in a written reply in the Lok Sabha today.

Source: pib.gov.in– Feb 07, 2024

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# SIMA welcomes extension of tax rebate scheme for garment exporters

The Central government's decision to extend the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for exporters of apparel and made ups will enable the manufacturers to finalise long-term contracts with the buyers, said the Southern India Mills' Association here on Tuesday.

S. K. Sundararaman, chairman of the Association, said in a press release that Indian textile and clothing exports contributed to 8% of total exports and were stagnant at $ 35- $ 37 billion.

"With a view to effectively implementing the principle that taxes and duties should not be exported and to enable a level playing field in the international market for Indian players, the blocked duties and levies on export products are being refunded through Rebate of State and Central Taxes and Levies (ROSCTL) scheme," he said.

The scheme was originally valid till the end of March 2020 and has now been extended to end of March 2026 with budgetary allocation this year.

"The continuation of the RoSCTL scheme will help sustain the competitiveness of the Indian textile exporters in the global arena," he added.

Source: thehindu.com– Feb 06, 2024

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