स्वच्छ भारत
एक कदम स्वच्छता की ओर

TEXTILE INTELLIGENCE CENTRE
IBTEX

INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

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. 26 of 2024 **February 09, 2024**

Currency Watch			
USD	EUR	GBP	JPY
83.01	89.40	104.73	0.56

13	Australia's industrial sector continues to contract into new year
14	Vietnam industrial production index up 18.3% YoY in Jan, down 4.4% MoM
15	Saudi Arabia keen to set up SEZ in Bangladesh's Payra
16	Bangladesh PM says dollar crisis easing, exports trajectory stable
17	Pakistan: Textile industry seeks cheaper money, energy to boost exports

NATIONAL NEWS	
No	**Topics**
1	Shri Piyush Goyal chairs Second Meeting of National Traders' Welfare Board
2	Quality Council of India and Open Network for Digital Commerce launch DigiReady Certification Portal to empower MSMEs and small retailers
3	Red Sea crisis: PMO to be updated on impact on trade, govt action
4	Textile mega parks to get infra developers soon
5	GST rate rationalisation likely to take place after Lok Sabha polls: FinMin official
6	India will seek an end to WTO's 1998 tariff freeze on digital trade
7	Defer EU carbon tax for MSMEs by 3 years, new PLI, launch ecommerce policy: Parliamentary panel to govt
8	Manufacture or service: Must we choose?
9	Target, H&M, Hyosung Corp among 3,000 cos to participate in Bharat Tex

INTERNATIONAL NEWS

Trump's Threat to Increase China Tariffs Could be 'Catastrophic to the American Economy'

Former President Donald Trump is ramping up campaign rhetoric in advance of the November election—and doubling down on talk of new China tariffs.

Trump told Fox News on Sunday that he aims to raise duties on imports from China by more than 60 percent if re-elected, echoing claims he's made in recent months that he would expand upon the Section 301 tariffs he implemented during his presidency.

Tensions between the U.S. and China escalated into a full-blown trade war during Trump's term in office, resulting in $50 billion in Chinese goods being hit with punitive duties of up to 25 percent in June 2018.

The current administration has maintained the tariffs throughout President Joe Biden's first term, much to the chagrin of importers that have called for relief from the burden of added duties amid heightened inflation and logistics costs.

"This would be like imposing a 60-percent sales tax on every American closet, with that tax falling hardest on lower income American families," American Apparel and Footwear Association (AAFA) president and CEO Steve Lamar told Sourcing Journal this week.

"Five years ago, President Trump was unsuccessful in getting Beijing to change its behavior by making it more expensive for Americans to get dressed every morning, and we don't see that changing in a second Trump Administration."

"There's a ton of analysis out there that shows the first trade war was a big, fat loser for the U.S.," Footwear Distributors and Retailers of America (FDRA) president and CEO Matt Priest added, noting that the footwear sector paid over $6.4 billion in additional duties since Sept. 1, 2019, when List 4A imposed Section 301 tariffs of 15 percent on around half of the footwear imported from China.

"It would be catastrophic to the American economy, but the former president has a track record. He proclaims he's going to do these things and he does them," he said. "It creates a lot of uncertainty and a lot of increased costs for American companies and consumers, so we have to take it seriously."

The office of the U.S. Trade Representative (USTR) is preparing to release its annual Section 301 report. "We're waiting with bated breath to see if the administration actually decides…to alter some of the tariffs are currently on Chinese goods," Priest said.

"We keep hearing that there may be a rebalancing opportunity—if [USTR is] going to go down a road where they're going to shift some things around and try to continue to collect the same amount of money off of China, it may be on different products that are actually covered under the China 2025 plan," he added. "That would create some relief on consumer goods."

The current administration has also toyed with the idea of raising tariffs on China-made goods as it continues to contend with the superpower's unfair economic policies and intellectual property theft.

"Most of the talk I've heard has been around increasing them on electric vehicles or other kinds of high-value goods that are part of China's industrial policy," he explained. "I haven't heard or gotten any inclination that tariffs would increase on everyday consumer goods; I would be pretty shocked if that happened. But I'm not saying it's out of the realm of possibility," the FDRA lead said.

Priest said that with tough-on-China policy being one of the few bipartisan meeting grounds, lawmakers on both sides of the aisle have been disincentivized to speak out on what he views as failed policy. "We're missing policymakers and politicians that have the guts to stand on what's economically right and what's beneficial to American consumer, even if the soundbite doesn't play well," he added.

The National Council of Textile Organizations (NCTO), which represents American textile manufacturers, said the U.S. needs more safeguards, not less, against the deluge of China-made apparel and textile products making their way into the country.

“U.S. enforcement actions including the Section 301 tariffs and the Uyghur Forced Labor Prevention Act (UFLPA) have been a step in the right direction, but we have not seen China respond with the necessary reforms to become a market-based, responsible trading partner,” the group said this week. “China’s long history of utilizing predatory trade practices, including massive subsidization of its exports and forced labor practices, has led to a race to the bottom and cost millions of U.S. manufacturing jobs.”

An NCTO spokesperson told Sourcing Journal that at least nine American textile manufacturers have shuttered over the past four months—a situation attributable in part to China’s continued trade abuses. The country is “shifting more cotton production to Xinjiang and further depressing apparel prices to the U.S. market in an effort to convince sourcing agents to stick with them despite the escalating risks,” they said.

“A logical response to deteriorating conditions, and one that we expressed in NCTO’s public comments as part of the four-year review of the [Section] 301 tariffs, would be to increase the penalty duty rate on finished apparel and textiles, among other necessary policy responses including addressing the de minimis loophole,” NCTO added.

U.S. importers have plenty of choices when it comes to trade partnerships, the group added. The U.S. Department of Commerce identified more than 80 nations in its most recent Major Shippers report, which details import statistics for apparel and textiles. “This multiplicity of sourcing options ensures that there is intense competition in the global trading system,” and many alternative suppliers are U.S. free-trade-agreement or preference-program partners with duty-free access to the American market.

“Increasing tariffs on Chinese imports, while granting exclusions or manufacturing inputs and machinery not available domestically, will spur further investment and production in the vital U.S. textile manufacturing sector and bolster the co-production supply chains we have with our Western Hemisphere trade,” the group said.

Source: sourcingjournal.com– Feb 08, 2024

HOME

****

EU's Forced Labor Proposal Still Needs Improvement, Rights Groups Say

The European Union might be gearing up for final negotiations over a much-anticipated regulation that would bar products made with forced labor from the world's largest single market, but several "key" issues still need to be considered to make it a success, dozens of civil society groups and trade unions said this week.

Writing in an open letter to the 28-member bloc's lead negotiators, including co-rapporteurs Maria-Manuel Leitao-Marques and Samira Rafaela, Committee on International Trade chair Bernd Lange and Committee on the Internal Market and Consumer Protection chair Anna Cavazzini, organizations such as Anti-Slavery International, the Clean Clothes Campaign, IndustriALL Global Union and Human Rights Watch argued for a more robust approach to delivering the forced labor regulation.

First, a need for remediation, which the European Parliament expressed support for in its common position in January. The rule, the letter said, needs to be worker-centered, requiring not only remediation for workers who have been subjected to modern slavery but also proof of remediation throughout the investigation. Remediation should also be a condition of withdrawing a product ban since failure to do so would "merely incentivize companies to disengage, in contradiction to the corporate sustainability due diligence directive's objectives and obligations," it added.

State-imposed forced labor, as described in Turkmenistan, Uzbekistan, North Korea and China's Xinjiang Uyghur Autonomous Region, should be treated differently from other forms of forced labor, the organizations said. The European Commission's proposal, the letter noted, doesn't entail any explicit investigative or enforcement measures to tackle cases of state-imposed forced labor, making it "impractical and difficult to investigate and address efficiently such cases at scale."

The European Parliament's position, on the other hand, offers a "considerable" improvement by empowering the European Commission to flag high-risk geographies and economic sectors where such practices exist, even suggesting a shift in the burden of proof similar to the rebuttable presumption on Xinjiang-origin goods under the Uyghur Forced Labor Prevention Act in the United States.

But even better would be the ability to outlaw not only single products but groups of products from entire entities where forced labor is widespread or state-imposed, such as at a specific production location, the letter said, adding that "allowing decisions to ban defined groups of products would simultaneously provide a stronger deterrent against the use of forced labor at that entity and ease the administrative burden for competent authorities."

The organizations noted that the European Council and Parliament have proposed a single-window EU-wide complaints mechanism, one that they said is "preferable" to the "decentralized and fragmented" version suggested by the European Commission. Any such mechanism, however, should be accessible outside the bloc as well, allowing any workers experiencing forced labor and their representatives outside the region to access information and participate in proceedings.

Another concern the latter raises is transparency and the right to equal and informed participation by forced labor complainants. The regulation, it said, must strike a "better balance" between commercial confidentiality, due process for companies facing investigation, the right to information of complainants, the need to protect victims from retaliation and public interest. In short, the regulation should allow the publication of all proceedings and decisions, redacting only commercially sensitive information and anything that will identify victims.

The regulation should "better balance the opportunities given to complainants, victims and their representatives during the investigation proceedings to respond to counterarguments made in response to initial allegations," it said, noting that the European Council's position, at present, is "skewed" toward economic operators, who have many opportunities to respond to allegations or preliminary findings.

"Economic operators alone cannot be given procedural rights to participate to the exclusion of comparable procedural rights to complainants," the letter added.

"The procedure for amending or changing product ban/withdrawal decisions should be evidence-based, including based on information from civil society organizations and labor unions."

Finally, the signatories seek an “evidentiary regime” adapted to forced labor. Both the European Commission and Parliament have proposed a “high level” of evidence before an investigation can begin, they said. This must be lowered to take into consideration any evidentiary struggles experienced by victims of modern slavery, many of whom don’t have access to all the relevant documentation and evidence that may be demanded of them during proceedings.

“Making even the opening of such an investigation contingent on such a level of proof would render the instrument inefficient,” the letter said. Currently, it noted, the evidentiary threshold required to kick-start an investigation under both the European Parliament and Commission’s proposals is higher than what U.S. customs authorities need to issue a Withhold Release Order.

All three—European Commission, Council and Parliament—proposals envision a single threshold of proof, meaning conclusive evidence, for sanctions ranging from import restrictions to disposal of goods, the letter said. The U.S.’s approach, which considers “reasonable but not conclusive” evidence sufficient for issuing import restrictions, is a better one, it said. It’s only where there is a “probable” cause of forced labor when Customs and Border Protection issues a “finding” of forced labor, which includes additional penalties.

While it isn’t clear when the European Commission, Council and Parliament will hash out any differences in their proposals, the Council said last month that “interinstitutional negotiations will start as soon as possible.” All eyes right now are on the CSDDD, which faces a critical vote on Friday. So far Finland and Germany have declared their intent to abstain, creating what some have described as essentially “no” votes that could torpedo what many thought was a done deal and, in the process, endangering related measures such as the forced labor regulation.

On Thursday, 20 Nordic businesses, including Bestseller, Lindex and Nudie Jeans, published an open letter of their own to urge their governments to support the rule, which they said has a “unique opportunity” to “harness the transformative power of the UN Guiding Principles on Business and Human Rights” and “further strengthen the relationship between business and society and the realization of sustainable development.”

“A mandatory human rights and environmental due diligence law that is applicable throughout the EU would serve as an international benchmark for advancing responsible business conduct,” they said. “It would also create a level playing field across the EU to drive much-needed action. Nordic states have always shown leadership on matters of corporate sustainability and respect for human rights. We call upon our governments to continue to play a leadership role by supporting the CSDDD in the final stages of the legislative process.”

Source: fibre2fashion.com– Feb 07, 2024

HOME

****

Cotton Highlights from February 2024 WASDE Report

USDA has released its February 2024 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The 2023/24 U.S. cotton balance sheet has lower ending stocks relative to last month, with higher exports and lower mill use, while production is unchanged.

The export forecast is raised 200,000 bales to 12.3 million based on a strong pace of shipments and sales to date. Similarly, projected mill use is reduced 150,000 bales as U.S. domestic spinning activity remains low. Ending stocks are now estimated at 2.8 million bales, equivalent to 20% of total disappearance.

The upland cotton marketing year average price received by producers is projected at 77 cents per pound – 1 cent higher than in January.

World 2023/24 cotton ending stocks are nearly 700,000 bales lower this month, as lower beginning stocks and production reduce supplies. World consumption is virtually unchanged as increases in China and Vietnam are offset by lower consumption in Turkey, the United States, and Thailand. Beginning stocks are 250,000 bales lower than in January, largely due to a downward revision in Argentina's 2022/23 cotton crop.

Projected 2023/24 world cotton production is 355,000 bales lower this month, with cuts in Australia and Benin partly offset by smaller increases elsewhere.

World trade is nearly 200,000 bales lower as a 500,000-bale increase in China's imports is more than offset by reductions for India, Pakistan, Thailand, and Turkey. Exports are higher for the United States, Burkina Faso, and Turkey, and lower for Brazil, Argentina, and Australia.

Source: cottongrower.com– Feb 08, 2024

HOME

****

UK cuts emissions by 50% since 1990

The United Kingdom has become the first major economy globally to slash its emissions by 50 per cent since 1990, as per official statistics.

According to the data, between 1990 and 2022, the UK not only reduced emissions by 50 per cent but also experienced a 79 per cent expansion in its economy. In stark contrast, France achieved a 23 per cent reduction, while the US showed no change in emissions between 1990 and 2021.

Renewable energy has emerged as a driving force behind this achievement, with renewables now contributing over 40 per cent of the UK's electricity, a substantial increase from a mere 7 per cent in 2010. The nation's transition away from coal towards renewables has been pivotal in curbing emissions from energy generation.

“The UK is the first major economy—of the top 20 countries—to halve its emissions. This is an enormous achievement by itself but also because we have done this in a pragmatic way - growing our economy by 80 per cent at the same time and protecting family finances. We have also increased our renewables electricity generation from just 7 per cent in 2010 to nearly 50 per cent now,” Energy security secretary Claire Coutinho said in a press release.

“With some of the most ambitious targets in the world, we should be proud that we’ve over-achieved on our carbon budget for the third time in a row. We will continue to meet out targets but in a pragmatic way that doesn’t clobber extra costs onto hard working families,” Coutinho added.

Moreover, the UK has set ambitious targets for the future, aiming to slash emissions by 68 per cent by 2030, surpassing targets set by the EU, Japan, and the United States. Today's statistics also underscored the UK's consistent over-achievement on carbon budgets, reflecting its unwavering dedication to combatting climate change.

Looking ahead, the UK remains committed to further advancements in green technology and investment in sustainable industries. Recent announcements have outlined plans for £30 billion in new investment across the energy sector, reinforcing the nation's commitment to a cleaner, greener future.

Despite challenges posed by the COVID-19 pandemic, the UK continues to make strides towards its goal of net zero emissions.

While recent years have seen fluctuations due to economic impacts, the long-term trend indicates a rapid decline in emissions, solidifying the UK's position as a leader in environmental action.

Source: fibre2fashion.com– Feb 08, 2024

HOME

****

Could Rising Transportation Prices Signal the End of 'Freight Recession'?

Retailers are finally digging themselves out of an inventory glut—and that could signal the end of the "freight recession."

The January Logistics Managers' Index (LMI), released this week, shows that the logistics sector is in a period of expansion across all recorded metrics for the first time since 2019.

Compiled by researchers at Arizona State University, Colorado State University, Florida Atlantic University, Rutgers University, and the University of Nevada, Reno in conjunction with the Council of Supply Chain Management Professionals (CSCMP), the report consolidates survey insights from eight areas of the logistics sector, including inventory levels and costs, warehousing capacity, utilization and prices, and transportation capacity, utilization and prices.

The diffusion index, which characterizes readings above 50 as market expansion and readings below 50 as contraction or shrinkage, reached 55.6 points in January—a five-point increase from the month prior.

"The most significant move is the long-awaited return of Transportation Prices," which grew 12.7 points into expansion territory—representing the "first appearance on the positive side of the ledger since June of 2022 at the start of the freight recession."

According to LMI analysts, the increase in pricing has been chiefly driven by retailers looking to pad inventory (up 8.4 points) following an active holiday season. "This inventory rebuild also led to a considerable increase in the expansion of Inventory Costs," which saw an 11-point jump. "This is a marked shift for Inventory Costs, which registered their lowest reading ever in January at 55.8," the report said.

Meanwhile, the group's warehousing insights showed "steady, sustainable rates of expansion" and slow growth rates. "We need to see a longer period of growth to call an official end to the freight recession," LMI analysts wrote. "However when taken together, January's report does offer evidence that the logistics industry could be moving back into a period of growth after the long downturn that started in 2022."

According to the LMI, the biggest shifts throughout the month of January were in transportation metrics. “The freight market was never going to break out of a recession until supply and demand moved back towards equilibrium,” the writers said. “While we are not willing to say that has happened yet, there were some interesting signals in January.”

Transportation prices and transportation capacity inverted throughout the month, with prices rising more quickly than capacity. “Every time there has been an inversion between these two metrics over the 7.5 years of this index it has signaled a shift in the market,” analysts said. While the data indicates expansion, “one point of mild hesitation before declaring the freight recession over are the movements in Transportation Utilization over the month,” they added.

While transportation utilization grew 0.4 percent to 55 points, it tapered off during the last two weeks of the month. The robust expansion of 61 points from Jan. 1 through Jan. 16 petered out on Jan. 17 through Jan. 20, hitting 50 points. “A movement towards negative utilization could signal that supply and demand are not yet in equilibrium and would put a damper on a potential freight recovery,” writers warned.

Asked about their predictions for LMI’s individual metrics over the course of the next 12 months, survey respondents projected optimism, with expectations of future growth throughout 2024. Respondents said they expected to see the overall index grow to 62.8, up 3.9 percent from December’s future prediction. “This would exceed the all-time index average of 62.4 and would represent a healthy rate of expansion,” analysts wrote.

Downstream survey respondents predicted high rates of turnover which could drive inventory costs, warehousing prices and transportation prices over 70 points and into “significant expansion.” Warehousing and transportation capacity are expected to continue to grow slowly at rates of 56.4 and 50.9 respectively, with price increases expected.

“If these predictions prove to be true, it is likely that the freight recession will end, and transportation will move back into a period of growth,” the report said.

Source: sourcingjournal.com– Feb 08, 2024

HOME

****

Cambodia-RCEP members trade hits nearly $30 bn in 2023

Trade between Cambodia and the 14 other nations in the Regional Comprehensive Economic Partnership (RCEP) was worth nearly $30 billion last year, with exports to these countries amounting to $8.172 billion—a year-on-year (YoY) rise of over 28 per cent, and imports valued at $21.286 billion—a YoY fall of over 13 per cent, according to the country's commerce ministry.

The RCEP came into effect on January 1, 2022.

The country's exports to four RCEP members fell last year. Two out of those are member states of the Association of Southeast Asian Nations (ASEAN), ministry spokesperson Pen Sovicheat said.
Its post-RCEP exports, particularly to the partnership's members, have considerably increased, he noted.

Indonesia moved forward from being Cambodia's 12th largest trading partner earlier to the 6th largest last year, with bilateral trade volume hitting nearly $1.1 billion—a YoY rise of close to 15 per cent, according to the latter's General Department of Customs and Excise.

Trade between the two nations stood at $1.09 billion last year, rising by 14.6 per cent YoY and representing 2.32 per cent of Cambodia's total international trade worth $46.83 billion, a Cambodian newspaper reported.

Exports to Indonesia were worth $92.74 million, surging by 151.7 per cent YoY, while imports of Indonesian goods stood at $994.6 million, an increase of 9.1 per cent YoY.

Source: fibre2fashion.com– Feb 08, 2024

HOME

****

Fashion recycling not coming up to par, say experts

Around "93 per cent of all recycled textiles today come from plastic bottles, not from old clothes," said Urska Trunk of campaign group Changing Markets. And while a plastic bottle can be recycled five or six times, a T-shirt in recycled polyester "can never be recycled again," said Trunk.

Almost all recycled polyester is made from PET from plastic bottles, according to the non-profit Textile Exchange.

Recycling polyester is another dead end, according to Lauriane Veillard, of the Zero Waste Europe network. It is often impure and mixed with other materials like elastane or Lycra, which "prevents any recycling", she insisted.

"Recycling is a myth for clothing", Greenpeace's consumer expert Panhuber insisted. Others, however, are turning towards new vegetable fibres, with German brand Hugo Boss using Pinatex made from pineapple leaves for some of its sneakers.

Experts warn that we could be falling into another trap. Thomas Ebele of the SloWeAre label questioned the way these non-woven fibres are held together "in the majority of cases" with thermoplastic polyester or PLA.

It means that while the clothing can be "sometimes broken down" it is not recyclable, he said. "Biodegradable does not mean compostable," he warned, saying that some of these fibres have to be broken down industrially.

Source: apparelresources.com– Feb 08, 2024

HOME

****

Denmark's First Major Textile Recycling Project Makes Headway

For the past three years, a Danish consortium has been developing new technologies that can "transform" textile waste into new fabrics—setting new standards for fashion design and focusing on longer lifespans and improved recyclability.

Now, the alliance has found two new methods for recycling polyester waste.

Dubbed Recycling Technologies and Sustainable Textile Product Design (ReSuit), the Denmark-based project—managed by the Danish Technological Institute—gathered leading players in the industry, including Bestseller, in pursuit of achieving a more sustainable textile industry and recycle all textile waste in Denmark.

After several years of R&D, the project has allegedly proven that polyester textile waste can be successfully recycled into new polyester textiles.

It is not a particularly groundbreaking discovery, as mechanical and chemical recyclers have been recycling polyester into new garments for years. However, ReSuit claimed that it succeeded in recycling items previously deemed too difficult to recover by using a "special method" of transforming the clothing into bio-oil and chemical building blocks to be produced in new polyester and plastic-based materials.

"The project encompassed research into two distinct technologies. The first, a dissolution process, while not entirely novel, has yet to be implemented on a large scale," Camilla Skjønning Jørgensen, innovation manager at Bestseller, told Sourcing Journal. "However, significant efforts are underway to develop and refine this technology to achieve scalability."

Bestseller is "fully aware" of the challenges in the fashion industry, but acknowledges that it also has the "size and expertise" to be part of the solution," Skjønning Jørgensen continued. That's why the Jack & Jones owner entered Resuit with "open eyes" and an "understanding that innovation plays a crucial role" in transforming the industry into a more sustainable one, she continued. And innovation is best when it is collaborative.

"Therefore, ReSuit is a unique project that takes a holistic approach to the problem by considering all stages of the clothing lifecycle—from design to usage and recycling," Skjønning Jørgensen said. "This focus on the entire process is crucial for creating a more sustainable future in the fashion industry."

Bestseller has long invested in greener polyester. The group partnered with Ambercycle last summer on a limited-edition dress made with regenerated polyester and financially backed the material startup's first solution, Cycora, in 2022.

ReSuit's primary focus has been on polyester, as it accounts for half of all clothing fibers worldwide.

The group's first method "opened the door" to textile-to-textile recycling of the synthetic fiber. The dissolution process separates and purifies the polyester from color and additives, resulting in recycled polyester (rPET) of a high enough quality that it can be used to produce new polyester.

The second technique focused on textiles that are typically deemed too intricate to be suitable candidates for recycling. This process involves hydrothermal liquefaction (HTL)—aka, using water, heat and pressure to convert the textile stream into oil products that can be used to produce plastic, fuel or synthetic textile fibers. The HTL technology "transforms" the clothing waste into bio-oil that can be upgraded into chemical building blocks. The polyester component of the waste, ReSuit said, is transformed into terephthalic acid (TPA), a primary building block in polyester.

"While the [HTL] technology is not new, it represents a novel approach to the technology in the context of textile waste recycling, to our knowledge," Skjønning Jørgensen said. "The notable aspect of HTL is its versatility in handling diverse waste compositions, including heavily contaminated materials."

The third "concrete" result of ReSuit's efforts is Bestseller's Circular Design Guide, which exists as part of the project with the goal of inspiring the industry to design with circularity in mind and educating brands and retailers on how to shift toward more circular business models.

"Our involvement in every facet of the project has generated concrete outcomes, such as the development of a circular design guide. This guide now serves as an integral component of our educational initiatives and our ongoing efforts to advance circularity in all aspects of our work," Skjønning Jørgensen said. "Additionally, we remain committed to exploring the potential of HTL and other chemical recycling technologies. Our particular focus lies in identifying opportunities for pilot testing, implementation, and scaling up these technologies. By doing so, we aim to contribute to the advancement of sustainable solutions and the transition towards a circular economy."

The ReSuit consortium includes Aarhus University, Fraunhofer-Gesellschaft, Crossbridge Energy A/S, Elis Denmark, Behave Green, Danish Technological Institute and Design School Kolding. It is supported by Innovation Fund Denmark, which received 13 million Danish kroner ($2.12 million) in 2021.

Source: sourcingjournal.com– Feb 08, 2024

HOME

****

US Cotton Trust Protocol Covers One-Quarter of Domestic Cotton Acreage

When the U.S. Cotton Trust Protocol made its debut in 2020, it was with the goal of establishing what it described as a “new standard” in sustainable cotton, one that was underpinned by rigorous data capture, article-level supply chain transparency and a focus on continuous improvement across metrics such as water and land use, soil carbon and conservation, energy efficiency and greenhouse gas emissions.

Three years, a life-threatening pandemic and climate challenges aplenty later, the Levi Strauss & Co., Ralph Lauren and Target-backed voluntary platform covers 1.7 million acres—nearly one-quarter of U.S. cotton acreage—with 975 growers enrolled across all 17 cotton-growing states. Its 2023 annual report, which it published this week, also revealed some promising numbers.

Over the past year, Trust Protocol growers reported an aggregate soil loss of 2.6 tons per acre, or 79 percent less than a 2015 baseline group. The majority of them—83 percent—saw an improvement in soil organic matter levels. Water efficiency is up by 14 percent, energy use is down by 27 percent and greenhouse gas emissions 21 percent less than they used to be.

For Daren Abney, who joined the Trust Protocol as executive director in July, what excites him most is being able to parse three years’ worth of field-level data and demonstrate trends. And while the program’s exponential growth is a “great success factor,” what drives the farmers he speaks to regularly in his home turf of Lubbock, Tex., is the tangible benefit they’re seeing from their efforts. Their yields, for instance, are 12 percent higher than the national average.

Pushback is par for the course from farmers who are used to doing things a certain way, Abney said, but the visibility the scheme has been able to give them, in a regionally relevant way, has been critical to its acceptance. So is collaborating with trusted partners like the Soil Health Institute that can work with growers to implement practices that make the most sense in their specific soil and weather contexts.

A key pillar of the organization is its Climate Smart Cotton program, a five-year initiative, launched in 2022, that provides participants with additional benefits, including technical and financial support, for incorporating soil fertility-enhancing practices such as planting cover crops, no or minimal tillage and integrated pest management. There isn't a widely accepted regenerative agriculture standard, Abney said, but the additional metrics that Trust Protocol tracks—minimizing soil disturbance, continuously covering bare soil, maintaining living roots in soil and maximizing diversity with an emphasis on crops—are showing a similar upward trajectory. In 2023, for instance, 22 percent of Trust Protocol acreage adopted reduced tillage and 63 percent embraced no-till. Another 70 percent implemented cover crops, 86 percent practiced crop rotation and 92 percent incorporated a nutrient management plan.

The Trust Protocol seeks to reduce greenhouse gas emissions by 1.14 million metric tons throughout the initiative, or the equivalent of 4.2 million bales of Climate Smart Cotton.

One thing that has struck Abney, who previously worked at Lenzing and Better Cotton, is that U.S. growers have been welcoming of the program because it was built with the U.S. industry in mind, with the support of the likes of the National Cotton Council of America, Cotton U.S.A. and Cotton Incorporated. The market is hungry for the kind of third-party verification it offers as well, something that it may not have been excited about a decade ago. The financial incentives for farmers, particularly those involved in the Climate Smart Cotton program, also help. Over the past season, the Trust Protocol disbursed $1.5 million in payments directly to growers.

"I think that's getting attention for more growers across the U.S. to realize that there are advantages to introducing some of these practices," he said. "And where we're focused in the next three years is trying to scale that." That goes for offtake agreements, too, since "making the connection" with brands is vital to the scheme's continued success. As with any form of textile production, someone has to be willing to pony up for the end product for it to work.

American cotton has received a boost amid concerns about forced labor in China's Xinjiang Uyghur Autonomous Region, which contributes 90 percent of the country's cotton. Ensuring that Trust Protocol cotton doesn't lose its identity as it wends its way through the supply chain is a priority, as is finding partners that "meet the expectations" of the market today, including legislation such as the Uyghur Forced Labor Prevention Act, or UFLPA, which bars from the United States products made in whole or in part in Xinjiang. One of the program's mill partners, Anhui Xinya New Materials Co., which is headquartered in China's Anhui Province, was added to the UFLPA Entity List in December for its alleged involvement in state-sponsored labor transfers. The Trust Protocol immediately severed ties with the company, calling inclusion on the list a "violation of the code of conduct."

Vetting is one aspect that the Trust Protocol is "focusing on evolving" in 2024 by incorporating the best-available technologies and services, "not just in the field but beyond the field into the supply chain," Abney said. "It's an area of focus that we absolutely have to have in order to be a credible program."

But what the organization is, "at the heart," is a field-level program, he added. It recently completed a public consultation of its principles and criteria. There are also working groups that zero in on regenerative agricultural objectives.

"Working with cotton growers to improve the environmental and social impact at the field level, having that translated to retailers and brands who want to tell that story to their consumers and stakeholders—that is in the scope of how we see the organization evolving," Abney said.

Source: sourcingjournal.com.au– Feb 08, 2024

HOME

****

Poland saves the day for Bangladesh's garment shipment to Russia

Bangladesh shipped apparel goods worth $650 million to Russia in the financial year of 2020-21 and was tipped soon to be crossing the $1-billion mark in the promising market.

The momentum seemed to have run out of steam after the Russia-Ukraine war broke out in February 2022, as suppliers were finding it difficult to deliver goods to the country since it has been sanctioned by the western powers.

The disruption came after the West banned major banks in Russia from using the Society for Worldwide Interbank Financial Telecommunications (SWIFT), which allows financial institutions to send and receive electronic payments internationally.

The interruption, however, did not prolong as exporters soon found out alternative routes instead of direct shipping to Russia. Even in many cases, they receive payments in the Chinese yuan.

Among the alternative third-party countries, Poland has emerged as a key destination to keep supplying apparel items to Russia.

Exporters say they have picked Poland to send goods to Russia and receive payments in the US dollar.

Thus, Poland, which imported apparel products worth only a few million dollars from Bangladesh a few years ago, has emerged as one of the key export destinations for the country, albeit on paper.

Suppliers say major Polish importers are buying goods in large quantities from Bangladesh to re-export to Russia. Whatever the reason is, higher garment exports to Poland have appeared as a boon for Bangladesh at a time when the country's largest export-earning sector is facing a slowdown due to an elevated level of inflation in the West.

Garment exports to Poland grew 19.14 percent year-on-year to $884.45 million in the July-December of the current fiscal year of 2023-24, according to data from the Export Promotion Bureau (EPB).

On the back of a zero-duty benefit under the European Union's Everything but Arms (EBA) scheme, the garment shipment to Poland went past the $1-billion mark for the first time in 2020-21 to bring home $1.38 billion in the year finally.

A new record was set in the following year when shipment hit $2 billion. Although the garment export to Poland declined 13.66 percent to $1.73 billion in 2022-23, it was largely because of higher inflationary pressure. On the other hand, garment exports to Russia declined 26.96 percent to $426.39 million in FY23 owing to the war-related restrictions. It, however, rose 29.01 percent to $233.04 million in July-December of FY24.

Poland and Russia import a lot of knitwear and sweater items from Bangladesh because of their year-round cold weather. The prices of the exported goods are also higher than other garment items.

Rajiv Chowdhury, managing director of Young 4 Ever Textiles Ltd, said Poland, which has a population of 3.75 crore, itself is a big market for Bangladesh and some Polish retailers and brands source a lot of sweaters from the country.

Chowdhury used to send garment items to Russia a lot before the conflict began. Currently, he ships a large volume of goods to Poland. "Garment items are sent to Russian markets from Poland by roads as the countries are geographically close," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

He said the shipment of garments to Poland declined last year because of the global problem. "It is now going up again." LPP, a large Polish buyer, sources sweater items from Bangladesh, according to Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association. "A lot of locally made garment items are being shipped to Russia through Poland."

Source: thedailystar.net– Feb 08, 2024

HOME

****

Buyers flock to Milano Unica, signaling fashion industry's recovery

The recently concluded Milano Unica, held from January 23rd to 25th, 2024, showcased latest trends, fostering connections, and driving business forward. Here's are the key takeaways.

Strong buyer presence: The event saw a surge in international buyers, indicating renewed confidence in the industry's post-pandemic recovery. "Milano Unica always attracts a diverse and high-quality audience," says Fabio Rivolta, President of the National Chamber of Fashion. "This year, the strong international presence is particularly encouraging, signaling a positive outlook for the future."

Sustainability in focus: Sustainability remained a major theme, with many brands showcasing eco-friendly materials and production processes. "Sustainability is no longer a trend, it's a necessity," stated Elena Salvatelli, CEO of the Candiani denim mill. "We're seeing growing demand for responsible and transparent practices, and Milano Unica provided a platform to highlight our commitment to this."

Digitalization and innovation: Technology played a significant role, with exhibitors showcasing innovative solutions for design, production, and supply chain management. "Digitalization is transforming the industry, and Milano Unica is at the forefront of this change," opined Marco Pietra, CEO of the Italian Textile Machinery Association. "We saw a wide range of exciting new technologies that will improve efficiency and sustainability."

New launches, seminars and workshops

Emerging designers in the spotlight: The "Next Generation" section featured promising young designers, showcasing their innovative approaches and fresh perspectives.

"Being part of Next Generation is a fantastic opportunity to gain exposure and connect with potential clients," said Giulia Rossi, a young designer showcased in the section. "The platform provided valuable feedback and allowed me to share my vision with a wider audience."

Seminars and workshops: A packed schedule of seminars, conferences, and workshops covered diverse topics like sustainable practices, digital transformation, and market trends. "The seminars offered valuable insights and helped us stay up-to-date on industry developments," shared Maria Esposito, a buyer. "The mix of topics and speakers was very impressive."

Product trends

Natural fibers and comfort: Fabrics made from natural fibers like linen, cotton, and hemp were prominent, reflecting a growing demand for comfort and sustainability. "We're seeing a shift towards natural fibers that are gentle on the skin and the environment," explained Paolo Colombo, CEO of a leading textile manufacturer. "This trend is driven by consumers' increasing awareness of the impact of their choices."

Bold colors and patterns: While comfort reigns supreme, designers also embraced bold colors and patterns, adding a touch of vibrancy and personality to their collections. "Fashion is about expressing oneself, and this season's trends offer a variety of options for people to showcase their unique style," said Carla Rossi, a fashion trend analyst. "From statement prints to vibrant colors, there's something for everyone."

Functionality and versatility: Clothing with a focus on functionality and versatility was a key trend, catering to consumers' busy lifestyles. "People want clothes that are comfortable, stylish, and practical," noted Marco Bianchi, a retail owner. "This season's collections offer pieces that can easily transition from day to night, making them perfect for modern living."

Milano Unica left participants with valuable insights, new connections, and a renewed sense of optimism for the future of the textile industry. The event's focus on sustainability, innovation, and product evolution promises exciting developments in the months and years to come.

Source: fashionatingworld.com– Feb 08, 2024

HOME

****

Texworld trade show returns bigger and stronger with a new name

Renowned textile trade show, Texworld made a triumphant return to Paris this year with a record-breaking 1,300 exhibitors and a new two-floor layout.

Organised by Messe Frankfurt France, the trade show changed its name to Texworld –Apparel Sourcing-Paris-reflecting the trend of buyers sourcing both materials and finished products. The new name emphasises Texworld's commitment to weaving the future of fashion sourcing and providing comprehensive solutions.

At the event Industry leaders discussed the importance of transparent sourcing, particularly in cotton and in light of the Ukrainian conflict. The desire to do business remains strong despite complex global situation, said Frederic Bougeard, President, Messe Frankfurt France. The trade show offers a unique platform for sourcing a wide range of products, from basic materials to finished collections, he added.

The success of this event signals a positive outlook for the textile industry and underscores Texworld's position as a leader in fashion sourcing solutions.

Source: fashionatingworld.com– Feb 08, 2024

HOME

****

Australia's industrial sector continues to contract into new year

The index for Australia’s industrial sector experienced a significant downturn in December2023/January 2024, dropping 4.9 points to a seasonally adjusted minus 27.3 points, according to the latest report by the Ai Group. This decline marks a continued trend of contraction, which has now persisted for twenty-one months.

The Australian purchasing managers’ index (PMI) (all manufacturing) also showed signs of struggle, albeit with a slight improvement of 1.5 points, yet still remaining in contraction at minus 23.8. This downturn has been consistent since September 2022, attributed to lower productivity due to holiday shutdowns, increasing input costs, supply delays, and ongoing recruitment difficulties.

Industry activity saw a further decline, with the activity indicator dropping 7.5 points to minus 37.2, the lowest since the pandemic lockdowns of 2020. This negative trend has spanned over twenty-one months, reflecting a broader industry downturn. Employment in the sector also contracted further, with the indicator falling 1.5 points to minus 5.2 in December/January. However, employment levels have seen some stabilization around minus 4.5 over the last four months, despite challenges in hiring qualified staff and weaker customer demand, as per the Ai Group.

New orders plummeted by 15.3 points to minus 45.3, marking the lowest reading since the inception of the Ai Group's index in January 2020. This decline has been part of a negative trend since July 2022. Although there was a slight improvement in input volumes compared to November, the indicator remained in contraction at minus 4.8, a trend that has persisted for the past two years.

In terms of pricing, all indicators saw increases in December/January, continuing the trend of elevated price levels. The gap between input and sales prices widened to 34.2 points, indicating ongoing margin pressures. The average wages indicator rose by 7.4 points to 37.9, still reflecting strong market pressures for wage growth despite being below the peak levels of July 2023.

Capacity utilisation in the Australian industry slightly decreased to 79.2 per cent in December/January. Although utilisation rates have been trending down over the past year, they remain historically high, indicating supply-side constraints, especially in labour supply. Some respondents noted that while older orders are still utilising capacity, new orders have seen a decline in recent months.

Source: fibre2fashion.com– Feb 09, 2024

HOME

****

Vietnam industrial production index up 18.3% YoY in Jan, down 4.4% MoM

Vietnam's index of industrial production (IIP) in January this year dropped by 4.4 per cent month on month (MoM), but rose by 18.3 per cent year on year (YoY), according to the General Statistics Office (GSO).

The processing-manufacturing sector, in particular, expanded by 19.3 per cent YoY, contributing 15.1 percentage points to the overall growth.

The January IIP posted YoY increases in 60 provinces and cities while declining in just three, GSO said.

The fast expansion in some localities was due to sharp rises in the processing-manufacturing sector and the production and distribution of electricity, it noted.

Provinces recording high index rises in the processing-manufacturing sector include Quang Ninh (157.9 per cent), Bac Giang (57.7 per cent), Nam Dinh (56.9 per cent), Vinh Long (51.2 per cent), Kien Giang (47.7 per cent), Phu Tho (39.4 per cent) and Ho Chi Minh City (26.9 per cent), a domestic news agency reported.

Source: fibre2fashion.com– Feb 09, 2024

HOME

****

Saudi Arabia keen to set up SEZ in Bangladesh's Payra

Saudi Arabia is keen to set up a special economic zone at Payra in Patuakhali district of Bangladesh's Barisal division, Salman Fazlur Rahman, the prime minister's private industry and investment adviser, recently said.

"We want to give Saudi Arabia an economic zone in Bangladesh. Their investment minister has also expressed interest in building an economic zone in Payra," Salman told newsmen in Dhaka after concluding his three-day visit to Saudi Arabia.

Bangladesh will set up a urea fertiliser factory in Saudi Arabia through a joint venture for importing all fertilizer produced there, he informed.

Source: fibre2fashion.com– Feb 09, 2024

HOME

****

Bangladesh PM says dollar crisis easing, exports trajectory stable

In a session of the parliament recently, Prime Minister Sheikh Hasina addressed concerns regarding the nation's economic situation, stating that the recent dollar crisis has considerably alleviated, and Bangladesh's exports remain relatively stable amidst the global challenges. The Prime Minister's remarks came in response to a supplementary question posed by lawmaker Mujibul Huq Chunnu during the parliament's question hour. Sheikh Hasina acknowledged that Bangladesh had encountered a severe dollar crisis exacerbated by the COVID-19 pandemic and the conflict in Ukraine, leading to significant challenges for the nation.

However, she assured that the situation has improved notably, allowing for a more relaxed approach to public spending. The Prime Minister highlighted the government's proactive measures to address the crisis, particularly in monitoring the opening of Letters of Credit (LC). Previously, importers had faced issues with inflated prices during the importation process. To mitigate this, banks now rigorously scrutinise product prices using the Bloomberg index before approving LCs, ensuring fairer trade practices.

Despite global economic upheavals, Sheikh Hasina emphasised that Bangladesh's exports have not been severely impacted. While some decline has been observed, primarily due to reduced consumption in importing countries grappling with inflation, the overall impact remained moderate, she claimed.

In response to the challenges, the government has initiated various strategies to explore new export markets and diversify the export portfolio. Sheikh Hasina reiterated the administration’s commitment to fostering sustainable economic growth by tapping into emerging opportunities and adapting to evolving global trade dynamics.

The Prime Minister's reassurance in parliament reflects the government's proactive stance in addressing economic challenges and its determination to steer Bangladesh's economy towards resilience and growth in the face of adversity.

Source: fibre2fashion.com– Feb 08, 2024

HOME

****

Pakistan: Textile industry seeks cheaper money, energy to boost exports

He said there were two main areas that the incoming government should focus on to boost textile exports: electricity-related reforms and the availability of capital. Electricity prices for the export sector have been increased by 115 per cent from Rs20 per kWh to Rs43.07 kWh under the caretaker government. However, the Power Division has been working on a proposal to reduce the cut tariffs for the industrial sector recently.

On the one hand, the unprecedented interest rates have made borrowing prohibitively expensive. To curtail the stubbornly high inflation rates, the State Bank of Pakistan has kept the monetary policy rate at an all-time high of 22 per cent since June last year. On the other hand, the system of sales tax refunds is ineffective, causing a liquidity crunch.

"The refund system needs to be more efficient. The law needs to be implemented, which is not being implemented now," he said.

"The government needs to ensure rupee-dollar parity," says Saleem Parek, Director of Al-Abbas Fabrics. He adds that gas and electricity rates should be uniform as far as the cost of doing business is concerned, and the policy should be consistent for at least a year. Pakistan's textile and clothing exports contracted by 14.63pc to $16.50bn in FY23.

However, exporters have been getting positive feedback from foreign buyers recently, says Mr Parekh, emphasising the need for export-friendly policies by the incoming government.

Demand in the international markets is improving as the economies of the West stabilise, and orders are starting to flow in.

Exporting utilities

"The government should completely ban the export of grey fabrics and yarn," says Mr Parekh.

Given Pakistan's energy shortages and high costs that hinder competitiveness, exporting low-value goods that consume scarce, expensive resources means the country is missing out on higher profit margins.

"Exporting raw materials is essentially exporting utilities," asserts Mr Parekh.

Value-added exports, especially in the form of garments, should be our number one priority, he adds.

Currently, there appears to be an uptick in orders, stemming in part from the troubles that ail Pakistan's textile competitors, creating windows of opportunity.

Bangladesh's woes

Media reports indicate that Bangladesh is facing issues of fluctuating currency and higher costs of production. Their story is similar to Pakistan's — the textile manufacturers lament the gas crisis driven by lower local production and a decrease in LNG imports due to falling foreign exchange reserves.

The recent protests to increase minimum wages for workers have also contributed to a higher cost of doing business.

Inputs have become more expensive as the Bangladeshi taka has weakened by roughly 30pc against the dollar over the past two years. But unlike Pakistan, Bangladesh does not grow cotton and so is more highly dependent on imported inputs.

Roughly half of Bangladesh's exports are garment-related. The higher cost of doing business and the recent worker strikes that shuttered hundreds of firms have made its exports less competitive.

Trump and China

Earlier this month, as part of his election campaign, Donald Trump told Fox News that he aims to raise duties on imports from China by possibly more than 60pc if re-elected, echoing claims he's made in recent months.

Trump is the front-runner for the Republican nomination in the US presidential race this year. In 2019, before the pandemic and during the Trump administration in the US, 10pc punitive tariffs were imposed on about $300 billion of imports from China — including most textiles and apparel. A lot has happened since then, but the trade war between China and the US has not cooled.

China's total exports to the US fell by 13.1pc in 2023 compared to a year earlier, marking their deepest decline in almost three decades, reports Hong Kong-based South China Morning Post. If Trump returns to power after the US elections in November, then it is possible that the ties will weaken further.

Meanwhile, the US economy has shrugged off fears of recession. In the second half of 2023, annual inflation fell back to the Federal Reserve's target of 2pc.

The economy is driven by consumer spending, with real consumption spending increasing by 0.5pc in December, its fastest pace since January 2023.

Higher wages and a strong employment market mean there is demand for Pakistan's textile exports if the country can capitalise on it.

April is the start of the new season for the textile sector. If the incoming government hits the ground running and sorts out these two main issues in the first 100 days of governance, Pakistan's textile exports can receive a significant boost, surmises Mr Mukhtar.

Source: dawn.com– Feb 09, 2024

HOME

****

NATIONAL NEWS

Shri Piyush Goyal chairs Second Meeting of National Traders' Welfare Board

The Second Meeting of the National Traders' Welfare Board (NTWB) was held at Vanijya Bhawan, New Delhi under the chairmanship of Union Minister for Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Sh. Piyush Goyal.

The Minister in his special address, highlighted the relevance of NTWB and its objectives for the welfare of Retail Traders and the initiatives being taken by the Department for Promotion of Industry and Internal Trade (DPIIT) for traders. He directed to hold regular interactive sessions, wherein the traders can be kept informed of the various schemes and policies related to internal trade. This can also help the trade representatives in submitting relevant suggestions.

Chairman, NTWB, Shri Sunil J. Singhi informed the Board that relevant suggestions received from the traders during the outreach programmes in 24 states have been forwarded to Line Ministries/Departments for their effective resolution. Chairman, NTWB informed that State Governments have been requested to constitute such State Level Boards and District Level Committees for Retail Traders.

An action taken report of the last meeting held on 5th December 2023, was presented in the meeting. During the meeting, members were informed about the various initiatives taken by DPIIT and other ministries for the welfare of Retail Traders. Suggestions/inputs were sought from the members for improving the adoptability and scalability of such schemes.

The meeting was attended by the members nominated by the Central Government representing Trade Associations and States/UTs as well as the ex-officio members representing Nine Ministries/Departments of Government of India.

Source: pib.gov.in– Feb 08, 2024

HOME

****

Quality Council of India and Open Network for Digital Commerce launch DigiReady Certification Portal to empower MSMEs and small retailers

As our nation's backbone, the Micro, Small, and Medium Enterprises (MSME) sector plays a pivotal role in fostering employment opportunities and reducing regional imbalances. In a significant stride towards fostering digital inclusion in the MSME sector, the Quality Council of India (QCI) and Open Network for Digital Commerce (ONDC) are proud to announce the launch of the DigiReady Certification (DRC) portal.

For the initiative, QCI, in conjunction with ONDC, aim to assess and certify digital readiness of MSME entities. By leveraging this online self-assessment tool, MSMEs can evaluate their preparedness to seamlessly onboard as sellers on the ONDC platform, thereby expanding their digital capabilities and business potential.

The DRC portal is meticulously designed to facilitate a streamlined seller journey, ensuring that MSMEs and small retailers can integrate seamlessly into existing digitized workflows. The certification process evaluates various aspects of digital readiness, including the presence of necessary documentation for online operations, proficiency in using software and technology, integration with existing digitized workflows, and efficient management of orders and catalogue offerings.

On this occasion, Shri Jaxay Shah, Chairperson, QCI, stated that "DigiReady Certification (DRC) initiative is in line with our Hon'ble Prime Minister's call to sensitize villages and promote digital transactions. It also resonates with the objectives of the recently launched FIRST (Forum for Internet Retailers, Sellers, and Traders). The launch of the DRC portal marks a pivotal moment in our mission to empower MSMEs and make e-commerce more inclusive and accessible."

Mr T Koshy, MD & CEO, ONDC remarked, "The DigiReady certification (DRC) can be a transformative leap for MSMEs, equipping them with the digital capabilities needed to navigate the evolving ecommerce business landscape. DRC accelerates the integration of MSMEs into the Network while also amplifying their potential to thrive in the digital economy. It's a testament to our commitment to foster digital inclusion to enable a more robust and empowered future for everyone."

For further information on the DigiReady Certification (DRC) initiative, interested parties can visit the official DRC portal at https://digiready.qcin.org/

Source: pib.gov.in– Feb 08, 2024

HOME

****

Red Sea crisis: PMO to be updated on impact on trade, govt action

The Prime Minister's Office will take an update from the Commerce Department early next week on the impact of the continued hostilities in the Red Sea on the country's exporters and importers and may then decide on whether more needs to be done in terms of assistance, sources have said.

"The Commerce Secretary has been reviewing the situation related to the Red Sea. He has also checked with different Ministries on what the situation is on the import side.

What has emerged from these meetings is that while traders have been affected due to freight increase and some delay because of the longer route ships have to take to avoid the Red Sea, there aren't any other major areas of concern. But bottom lines of exporters are being affected which is cause for worry," a source tracking the matter told businessline.

Commerce Ministry officials will meet PMO officials on February 12 to give a brief on the current situation based on interactions with other Ministries and Departments including Shipping, MEA and Finance.

Impact on trade routes

Shipments from India to Europe, US east coast, North Africa and parts of Asia, have almost stopped taking the Red Sea route as Yemen-based militant group Houthi has been attacking cargo ships in the region.

These shipments (both exports and imports), which annually add up to about $230-240 billion, instead are being routed through the Cape of Good Hope in South Africa, which has resulted in increased transit time of about two weeks and a rise in shipping costs.

While the government has not been able to do much to check the escalation in shipping costs, which have gone up by close to 400 per cent in some cases, as it is controlled by the private sector, some steps have been taken to ease the availability of insurance.

“The government has directed Export Credit Guarantee Corporation Ltd (ECGC) to maintain moratorium on rates of insurance for the Indian exporters. ECGC continues to provide insurance cover to the exporters.

Further, ECGC 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 credit worthiness of overseas buyers and terms of payment,” Anupriya Patel, Minister of State for Commerce and Industry, said in a Lok Sabha reply on Wednesday.

The Commerce Ministry had earlier urged the Finance Ministry to provide easy credit to exporters to help them tide over the situation.

Source: thehindubusinessline.com– Feb 08, 2024

HOME

****

Textile mega parks to get infra developers soon

The selection of infrastructure developers for seven mega-textile parks will be completed by the end of March, two officials said, as India makes a push for becoming a textile manufacturing hub.

These so-called master developers will build the seven parks—under the Pradhan Mantri Mega Integrated Textile Region and Apparel (PM MITRA) scheme—with an investment of ₹12,000 crore.

They will be selected by the union textiles ministry.

Master developers are infrastructure development companies, which will be given the mandate to develop all parks with their own investment.

These master developers will be selected through a tender. As an incentive, each developer will get 100-acre piece of land on a 99-year lease for 'commercial exploitation' in each textile park.

Before floating the tender, the textile ministry will conduct a round-table with stakeholders, one of the officials said.

As per the guidelines of textile parks, the Centre will provide ₹500 crore to the master developers, which will then invest around ₹1,200 crore to create plug-and-play facilities in each textile park.

Each textile park is expected to be of 1,000 acres in area.

PM MITRA parks refer to plug-and-play facilities for textile businesses offered by the Centre and state governments to increase investment, promote innovation, create job opportunities and make India a global hub for textile manufacturing and exports.

These parks can play a pivotal role in catalyzing scale in the textile industry and boosting exports. Discussions on the request for proposal (RFP) document is currently underway, with three rounds of inter-ministerial deliberations already completed.

The seven parks will come up in Virudhnagar (Tamil Nadu), Warangal (Telangana), Navsari (Gujarat), Kalaburagi (Karnataka), Dhar (Madhya Pradesh), Lucknow (Uttar Pradesh), and Amravati (Maharashtra).

The special purpose vehicles (SPVs) for Gujarat, Uttar Pradesh, Madhya Pradesh, and Tamil Nadu have been finalized, and they will soon be asked to float tenders to engage master developers.

Land for the parks will be provided by the respective state government.

Queries mailed on 22 January to the textiles secretary, and spokesperson of the textiles ministry remained unanswered till press time.

The government is aiming to position itself as a textile sourcing and investment destination through the seven parks with an investment of ₹70,000 crore in the next five years.

The domestic apparel & textile industry contributes about 2.3% to the country's GDP, 13% to industrial production, and 12% to exports.

Holding a 4% share in the global textiles and apparel trade, India's total export value in textiles reached $24.70 billion in the first nine months of the fiscal year 2023 (April-December). India ranks among the top global producers of cotton and jute and is the world's second-largest silk producer, and accounts for 95% of the world's hand-woven fabrics.

Source: livemint.com– Feb 09, 2024

HOME

****

GST rate rationalisation likely to take place after Lok Sabha polls: FinMin official

GST rate rationalisation, in all probability, will take place only after Lok Sabha polls, a senior Finance Ministry official has said.

"Some minor changes can take place as and when required and based on the recommendations of the GST Council. However, you can expect overall changes only after election," the official told businessline . The next meeting of the Council is expected to take place either late this month or next month, and that will be the last one before the general election. The date of the meeting has not been finalised yet, the official added.

Earlier, when BusinessLine asked Revenue Secretary Sanjay Malhotra about the rate rejig exercise, he said, "The GST Council, on a regular basis, reviews rates and gives appropriate recommendations. It is an ongoing exercise. As of now, there is no big proposal to make changes in rates, but final decision has to be taken by the GST Council. Please note that rates under GST for maximum goods and services are lower than sales tax-VAT regime."

As of date, over 1,200 goods and services except those on the negative list, attract GST. Four primary GST rates are 5, 12,18 and 28 per cent. Some special rates are 0.25 per cent, 1.5 and 3 per cent. Some of the items are in NIL rates.

Twenty-eight per cent slab in GST contributes 16 per cent to the gross GST revenue, while the major chunk of 65 per cent comes from the 18 per cent slab. The slabs of 5 per cent and 12 per cent contribute 10 per cent and 8 per cent of the total gross GST revenue, respectively.

In the White Paper presented by the government on Thursday, it was said that the average pre-GST indirect tax rate was 15 per cent, while under the GST regime, it is 12.2 per cent (as of March 2023).

The paper also highlighted that GST has helped households save nearly ₹45,000 crore per month from December 2017 until March 2023. At the same time, monthly average revenue from GST has gone up from ₹90,000 crore in FY18 to ₹1.7 lakh crore in FY24.

Considering all these, there persistent demand has been to rejig the rate, especially merging two slabs (12 per cent and 15 per cent). Also, in order to end the inverted duty structure (higher duty on inputs and lower duty on output), there is also a suggestion to raise the 5 per cent slab to 8 per cent. The official, quoted above, said that any decision on this issue is a very politically sensitive issue, which is why "you can expect recommendations or decisions post-poll, when there is more clarity on the political front."

A Group of Ministers, under the convenorship of the Finance Minister of Uttar Pradesh, Suresh Kumar Khanna, is going through a rate rejig exercise. The Committee gave an interim report, after which the Council recommended some rate changes in of the previous meetings such as pre-packaged - pre-labeled items among others. However, the final report is awaited. Now, the group needs to be rejigged again as one member, Vijay Kumar Chaudhary (Former Finance Minister of Bihar), needs to be replaced after change in political composition of the State Government.

Source: thehindubusinessline.com– Feb 08, 2024

HOME

****

India will seek an end to WTO's 1998 tariff freeze on digital trade

India is seeking to end a freeze on countries taxing electronic trade, a move that would allow tariffs to be imposed on anything from software downloads to video games.

New Delhi will ask World Trade Organization members to lift a moratorium on customs duties on electronic transmissions, according to a person familiar with the matter, who asked not to be identified as the discussions aren't public. The issue will come up for discussion at the WTO's ministerial meeting in Abu Dhabi in February.

The WTO has had a moratorium on customs duties on electronic transmissions since 1998, and members have extended the rule every two years. India and other developing nations like South Africa say the restriction leads to a loss of tariff revenue and affects their trade competitiveness.

India wants to be able to tax goods that are embedded in digital trade, the person said. It will also push the WTO to bring clarity on the definition of goods in e-commerce, the person said.

Global businesses have opposed the lifting of the moratorium, urging WTO members to keep the restrictions in place in order to help the post-pandemic recovery of the industry and to preserve supply chains.

Source: economictimes.indiatimes.com– Feb 08, 2024

HOME

****

Defer EU carbon tax for MSMEs by 3 years, new PLI, launch ecommerce policy: Parliamentary panel to govt

A parliamentary committee Thursday suggested the government to seek the deferment of the application of the EU's Carbon Border Adjustment Mechanism (CBAM) for micro, small and medium enterprises (MSME) by at least three years.

The Standing Committee on Commerce also recommended that a robust mechanism to support and equip MSMEs to counter the adverse effects of CBAM must be implemented on priority basis.

"The committee notes that the Indian manufacturers in the MSME sector may not have the financial resources to make necessary changes to counter the CBAM," the panel said.

Under the CBAM, non-EU steel producers are required to report direct and indirect emissions. The monitoring of such products began on October 1. CBAM will translate into a 20-35% tax on select imports into the EU from January 1, 2026. From that date, EU importers will have to declare and purchase CBAM certificates to cover the emissions associated with producing imported steel products.

While being optimistic about the prospect of achieving the $300 billion target by 2030 for engineering exports, the committee expressed concern over potential hindrances posed by tariff and non-tariff barriers raised by the US and EU, which could impede growth.

"To protect the domestic industry from the imposition of additional tariffs under Section 232 of the Trade Expansion Act of 1962 and non-tariff barriers in the form of CBAM, the committee recommends that the government engage at the highest level with USA and EU respectively to resolve the matter," it said.

New PLI schemes

The committee recommends that the scope of the production linked incentive (PLI) scheme may be expanded to include other sectors with high employment potential such as chemicals sector and labour intensive sectors like leather, apparel, toys, jewellery and handicrafts.

It also emphasised the requirement of PLI scheme “specifically tailored to bolster the chemical industry” in the country.

For this, the panel proposed the establishment of an institutional mechanism like a cell under the commerce and industry ministry to interpret market entry barriers, domestic regulations, and related issues from the perspective of Indian exporters, thereby contributing to a more informed and strategic approach to international trade.

FTAs, Russia

Expressing concern that India’s apparel exports are heavily concentrated in a limited number of markets, the committee recommended diversifying from the US and EU to explore new destinations through Free Trade Agreements (FTAs) and use market intelligence to anticipate import demands and identify emerging markets.

As per the report, 63% of India’s exports is only in 20 products, which is a very small basket. The committee advocated diversification of export basket, specifically shifting from cotton-based exports to Man-Made Fibers (MMF) through investments in the MMF value chain, including fiber manufacturing, yarn production and fabric manufacturing.

The committee urged the government to consider granting duty-free access for all MMF-based raw materials to facilitate cost-effective imports for the manufacturing of competitively priced MMF garments.

It also recommended the recalibration of existing FTAs to safeguard against negative trade balances with partner countries to optimize the advantages of FTAs and ensure a balanced trade relationship for the country.

To address the concern regarding the classification of Russia as Restricted Cover Category–I (RCC-I), the panel suggested the government a review of this classification to identify potential adverse effects on exporters and take necessary steps including an understanding of regulatory challenges and potential barriers to entry, to mitigate any negative impact thereby ensuring conducive environment for exporters engaging in trade with Russia.

Ecommerce policy

Concerned over the prolonged delay in launching the national e-commerce policy, the Standing Committee said it “strongly recommends” the expedited introduction of the policy to address the current challenges and foster a conducive environment for the growth of e-commerce exports.

It also pushed for the availability of pre-shipment and post-shipment export credit for e-commerce exporters.

Source: economictimes.indiatimes.com– Feb 08, 2024

HOME

****

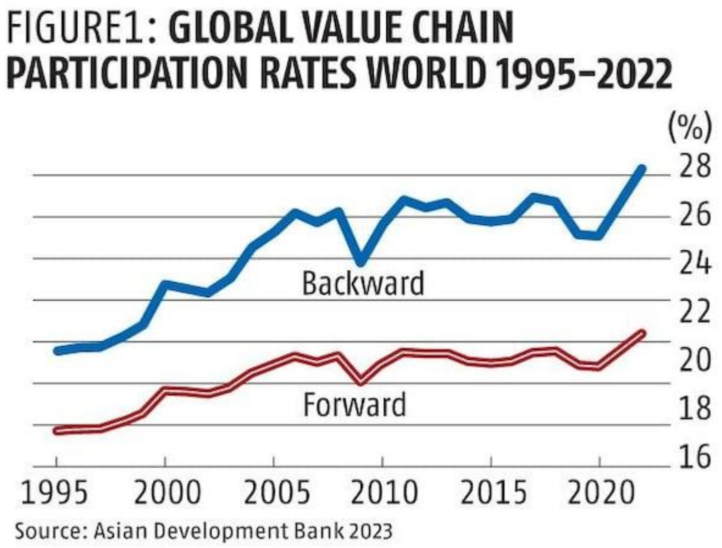
Manufacture or service: Must we choose?

The structural transformation followed by most developed countries, and those that developed later like Korea and China, and now Vietnam, was to first industrialise and then develop services, shifting millions out of agriculture. In India's case, this structural transformation became lop-sided. India suffered what Dani Rodrik called "premature de-industrialisation", with the share of industry peaking in 2008 at around 32 per cent of gross domestic product (GDP), and then falling to around 25 per cent of GDP. In contrast, India did remarkably well early on in services, especially IT-related, and now also in health care and e-services. This has led some to argue that India should pioneer a new service-led growth model and should not waste its energy and resources on industrialisation.

But we need both. India is a large, highly diversified country with a massive pool of employable individuals at various levels of education and skills. While a small set, with engineering degrees benefit hugely from the rapid growth in high-end services and is in short supply, a large mass of people with basic school education needs low-skill manufacturing jobs. The lack of such jobs has meant that an increasing number of people are either stuck on the farms — where employment has in fact increased by almost 60 million in the last five years — or form the large mass of unemployed youth in urban and peri-urban areas. It also explains why female labour force participation remains low. With 8-10 million people entering the workforce every year and a large stock of unemployment, the service sector alone, despite all its success, will not be able to employ so many people — especially from rural areas with only a school-level education.

To productively employ these people, India has no choice but to also revive its industry. However, India's industrial strategy, involving import protection and a five-year production-linked incentive (PLI) scheme that "picks winners" and provides subsidies of 4-6 per cent to initially 12 and now expanded to 17 sectors with a bill of around $270 billion, may not be the right solution. Import protection will not only take us back to the bad old days when consumers paid high prices for shoddy products, but the costs today are much higher in a world where global and regional value chains play such a key role in global trade and manufacturing. And lest you think that wars and pandemics have reduced the role of global value chains — they are back — with an even bigger role than before (see Figure

1). India must find ways to become a part of GVCs, and high tariffs — especially on intermediate products — don't help.



The PLI scheme has catalysed some success in mobile phones, where production and exports from India have expanded rapidly. Greater efforts to attract more investment in chip manufacturing and IT hardware are underway, but several targeted sectors have seen no interest at all. A plan to restrict laptop imports, presumably to encourage local manufacture, which would ironically have hurt IT service exports, has been fortunately postponed twice but remains on the table. In any case, PLI-induced investments will not create the scale of employment needed, especially in low-skill manufacturing.

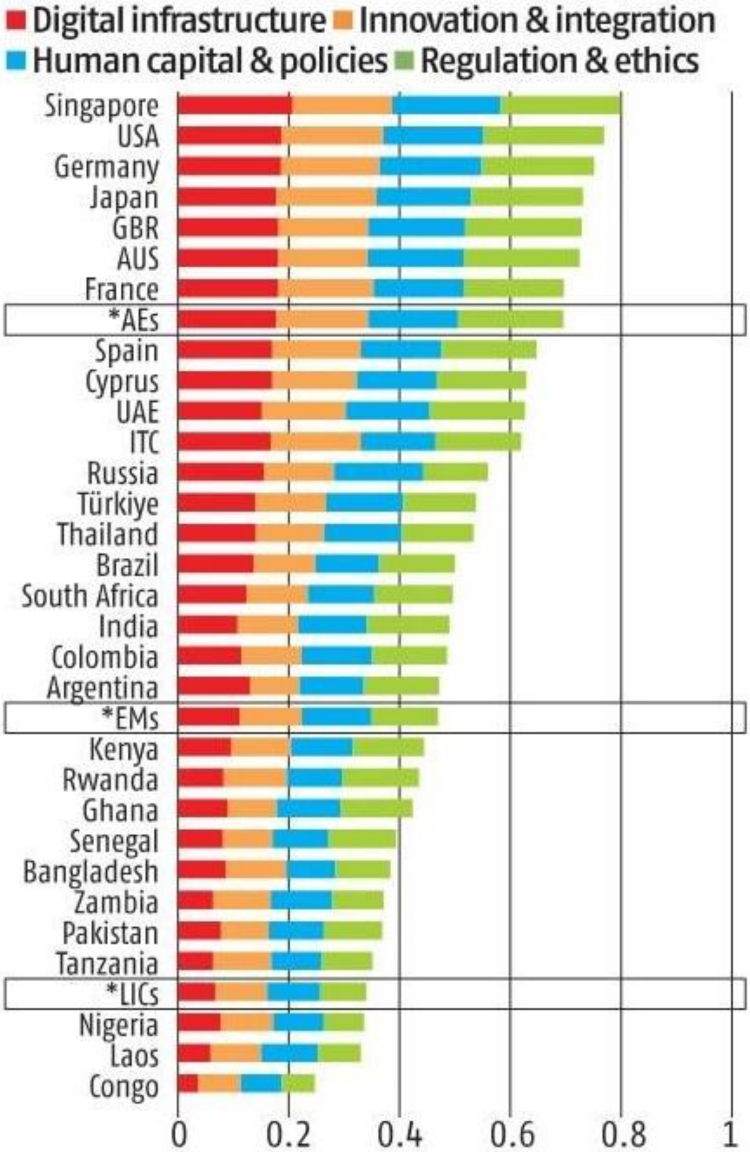
Success can come from unexpected places. To cite one example among many, India now produces globally award-winning whiskey and gin, reducing imports, increasing exports, and creating jobs. No one could have predicted that, certainly not bureaucrats.

More fundamentally, we must analyse why reviving Indian manufacturing requires the PLI subsidy. The answer is that the costs of doing business for industry remain very high. Infrastructure is improving, but using it remains costly.

Petrol prices are 50 per cent higher than in China and other competitors and diesel prices 20 per cent higher because of government taxes and cesses to generate revenue to pay for schemes like the PLI.

India's rail freight charges are three times higher than in China and arguably the most expensive in the world. Electricity prices for producers are 30-40 per cent higher than those in China and other competitors.

FIGURE2: **AI PREPAREDNESS BY COUNTRY ACROSS DIMENSIONS**



Source: IMF, 2024 ;* AEs:Advanced economies; EMs:Emerging economies; and LICs: Low-income countries

Furthermore, labour laws make hiring in any firm with more than 10 workers onerous, making labour-intensive manufacturing in India less attractive. Industry prefers to either become more capital-intensive or avoid the labour laws by employing daily labour, often in less productive activities. Land, India's most scarce resource, is very poorly used and exceedingly costly to acquire. More than 40 per cent of India's population remains stuck on the farm, with almost 70 per cent in marginal farms — locking up land unproductively. India's floor area ratios are amongst the lowest in the world, leading to inefficient urban sprawl. And while borrowing rates for capital have come down, they remain higher than China and other key Asian competitors. Without addressing these issues, the subsidised sectors will surely lobby for extending the PLI scheme beyond the five-year period and clamour to maintain import protection.

The IT industry, health care, and e-commerce are less affected by these factors and have, therefore, in comparison thrived. But the huge success in back-office outsourcing that triggered the IT-based growth in services could now be under threat from artificial intelligence (AI).

According to a recent IMF report, India remains less prepared than many G20 countries to deal with AI (see Figure 2). Nevertheless, India should push ahead and deal with the AI threat and use its pioneering digital stack to generate new startups and encourage other services like tourism, which are employment-intensive.

As Swami Vivekananda said, "We enter the world like a gymnasium to make ourselves strong." Going forward, we need a smarter trade and industrial policy — not subsidies and tariffs — that will make India more competitive and prepared to deal with new challenges. And the issue is not manufacturing vs services, we need both to thrive. We need to fix the fundamentals that determine the costs of doing business, not rely on temporary fixes, to make India an advanced economy by 2047.

Source: business-standard.com– Feb 08, 2024

HOME

****

Target, H&M, Hyosung Corp among 3,000 cos to participate in Bharat Tex

Swedish clothing giant H&M, American retailer Target, Mauritius' CIEL Group, Indonesia's Busana Group, South Korea's Hyosung Corporation, designer furnishings company Perennials and Sutherland LLC, and British thread maker Coats Group, are among the 3,000-odd companies which will participate in Bharat Tex 2024, touted as India's global textile expo.

"The expo is seen as a stepping stone for India's apparel exports to touch $40 billion by 2030 and overall exports to $100 billion," said an official. India expects its textile exports to grow to $100 billion and the economic value of the output of the industry to $250 billion by 2030 and apparels to grow to $40 billion from $16 billion in this period.

The first edition of the expo will be held from February 26-29 where around 2,000 weavers and artisans would exhibit their handicraft and handloom products. Prime Minister Narendra Modi will inaugurate Bharat Tex 2024 Expo that would exhibit fibre and yarn, fabric, apparel, home textile, technical textiles and handicrafts.

"We have received overwhelming response for the expo with over 3,000 exhibitors registrations," the official said, adding that the expo would be held simultaneously at Bharat Mandapam and Yashobhoomi.

Consumer products like carpets and handlooms would be exhibited at Yashobhoomi.

Aditya Birla Group, Reliance Group, Arvind Fashion, Welspun Living, Indorama Ventures, Trident Group, PDS and Shahi, Chargeurs PPC (France), are also participating in the event.

Ministerial and business delegations from key textiles hubs including Australia, Italy, Turkey, South Korea, Bangladesh, Russia, Peru, Egypt, and Thailand are expected at the exhibition.

Source: economictimes.com– Feb 08, 2024

HOME

****