TEXPROCIL NEWS CLIPPINGS

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INTERNATIONAL NEWS

Global supply chains tighten as economic optimism grows

In January 2024, there was a significant shift in global supply chain conditions, with a notable reduction in spare capacity across global suppliers. This change, marked by an increase in the GEP Global Supply Chain Volatility Index produced by S&P Global and GEP to minus 0.12 from minus 0.44 in December, signifies the smallest excess capacity since April of the previous year.

Despite this being the ninth consecutive month indicating excess capacity, the trend points towards a tightening in the global supply chain landscape. The easing of the downturn and hints at potential improvements in trading conditions as concerns over recession and inflation begin to wane are setting the stage for a more robust 2024.

A significant factor contributing to the tightened supply chain was the disruption in the Red Sea, which escalated transportation costs to a 15-month high in January.

The disruption forced commercial ships to navigate the lengthier Cape of Good Hope route. Additionally, there was a modest increase in safety stockpiling, with businesses reporting the highest levels of inventory building since last June, driven by supply or price anxieties, although still below the peak levels experienced during the 2021-2022 post-pandemic supply crunch.

Regionally, the impact varied, with Asia witnessing a surge in supply chain activity, reaching its highest point in nearly a year. This was buoyed by a rebound in factory purchasing in China, South Korea, and India, indicating that manufacturers in these countries are preparing for growth.

In a similar vein, suppliers to North America and Europe experienced a reduction in spare capacity in January, reflecting an anticipation of increased demand.

The UK's suppliers also saw decreased slack, a significant development considering the country has faced 19 months of subdued demand.

The key findings from January 2024 provide a nuanced view of the global supply chain landscape. The demand for raw materials remained subdued but showed signs of improvement, marking the mildest decline since April of the previous year.

Inventories saw a safety stockpiling uptick to a seven-month high in January, spurred by the Suez Canal disruption, prompting companies to build inventory buffers. Despite these challenges, the global supply conditions remained robust, with reports of item shortages among the lowest seen in four years.

Labor shortages did not significantly impact global suppliers, with reports of backlogs due to a lack of staff holding close to historically typical levels. The spike in global transportation costs to a 15-month high in January further underscores the challenges and adjustments within the global supply chains.

Source: fibre2fashion.com– Feb 17, 2024

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European Parliament 'Patches Up Loopholes' in EU Textile EPR Proposal

It was easy to miss amid the sturm and drang over Germany's supply chain legislation about-face this week, but the European Union is closer to agreeing on how clothing, footwear and textile producers should be held accountable for the 12.6 million metric tons of waste they generate in the bloc every year.

On Wednesday, the European Parliament's environmental committee adopted its position on the European Commission's proposed revision of the waste framework directive with 72 votes in favor, none against and three abstentions.

The new rules would require member states to establish extended producer responsibility (EPR) schemes 18 months after the directive comes into force—not 30 months as proposed by the European Commission—with any substantively sized brands, retailers and manufacturers that make these products available on the market responsible for covering the cost of their collection, sorting and recycling.

Member countries would also need to ensure, by next January, the separate collection of textile products, from dresses to sneakers to bed linens to leather belts, for reuse, preparation for reuse and recycling.

Any fees, it agreed, should be "eco-modulated" based on the weight and quantity of the products concerned. Likewise, the management of textiles and textile products should be based on a five-step "waste hierarchy, with prevention the first recourse and disposal the last resort.

But there are also compromises, such as those that "patch up loopholes" by including non-household products such as carpets and mattresses, along with sales from e-commerce platforms, rapporteur Anna Zalewska said in a statement. The elected body has also requested an EU-wide 2032 textile waste reduction target based on an assessment that the European Commission should conduct by the end of next June. Besides levels of collection rates and progress toward phasing out landfilling, the assessment should include an analysis of the level of exports of used textiles to third countries and whether producers' responsibility should extend to those exports.

The amendments also require member states to take the necessary measures to ensure that "sufficient" and easily accessible infrastructure is in place for the separate collection of waste, "so that items which can be recycled are extracted before being sent to the incinerator or landfill," Zalewska said. Producers should also be the ones financing the development of reuse and repair operations, she added.

The European Parliament's position mentions microplastics from synthetic textiles as a pain point, saying that plastic waste impairing aquatic, terrestrial and marine ecosystems can be "appropriately collected, recycled and ultimately given a new life promoting a full circular economy as well as raising public awareness for the dissemination of best practices."

At the same time, it touts digital product passports as a tool to "significantly enhance" the traceability of textile products throughout their value chain, empowering consumers to make more informed choices regarding end-of-life management, enabling companies to accurately track the amount of textile waste generated and helping member states implement and monitor different collection obligations.

Also new to the European Parliament's position is an acknowledgment of how textile waste that is shipped off the developing world can wind up as pollution by overwhelming their waste management systems. "Additional measures to reduce exports of secondhand textiles by maximizing local reuse should be prioritized," it said.

Still, the lack of specific numbers leaves civil society organizations like Zero Waste Europe cold.

"We are glad to see that MEPs have heard civil society's plea to introduce targets," said Theresa Mörsen, waste and resources policy officer a the European network. "However, those much-needed targets have been postponed by several years, setting little incentive to ramp up capacity and implement real solutions to the waste crisis."

The organization also questioned the "weakening" of a clause requiring the mandatory sorting of waste before incineration or landfilling. Instead, the European Parliament says member states should be encouraged, where appropriate, to introduce prior sorting of municipal mixed waste to prevent waste from being buried or sent up in smoke.

"Surprisingly, some groups are hesitant to mandate mixed waste sorting, fearing it may undermine separate collection efforts," said Janek Vähk, zero pollution policy manager at Zero Waste Europe. "However, implementing mixed waste sorting is likely to be the most effective method for reducing the substantial amounts of waste currently sent to incinerators and landfills. Halting the practice of burning and burying waste should be a priority for the Parliament."

Still, the money must come first, said Rachel Kibbe, CEO of the New York-based advisory firm Circular Services Group and executive director of the circular business coalition American Circular Textiles Group. Targets, she told Sourcing Journal, are "relatively meaningless" and will be "impossible to achieve" if EPR legislation doesn't incorporate and allocate the necessary financial incentives for infrastructure, sorting, grading resale, repair and recycling.

"Collecting more, without a clear plan of action is moving chairs on the deck and hoping for the best," Kibbe said. "Circularity regulation requires equitable and effective financing plan, first and foremost, so producers can succeed at reuse and recycling. Only then would targets be meaningful or achievable."

EPR for textiles is a "polluter pays" concept that while gaining traction isn't new. France has had a regulation in place since 2007 and the Netherlands since last July. California is still trashing out one of its own. But it's important to get things right, Kibbe said, otherwise textile recycling could end up like plastic recycling: inefficient, ineffective and disbelieved by many as a working solution.

"Half measures aren't enough," she said. "We are actually just passing collection regulation—and should call it that. It's not environmental or circular; it's a cost savings for municipalities and taxpayers and a tax on producers."

The European Parliament plans to vote on its position during the March plenary session and the measure followed up by the new Parliament after the June election.

Source: sourcingjournal.com– Feb 16, 2024

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Euro area exports decline 8.8% in December 2023

The euro area's exports of goods to the rest of the world saw a decrease of 8.8 per cent to €218.7 billion in December 2023, compared with €239.9 billion in December 2022, according to Eurostat, the statistical office of the European Union (EU).

Imports from the rest of the world also fell sharply by 18.7 per cent to €201.9 billion, down from €248.3 billion in the same period the previous year.

This resulted in the euro area recording a trade surplus of €16.8 billion in goods with the rest of the world in December 2023, a notable improvement from a deficit of €8.5 billion in December 2022. Additionally, intra-euro area trade declined to €187.2 billion in December 2023, marking a 14.8 per cent decrease from December 2022.

Over the full year from January to December 2023, the euro area's exports to the rest of the world decreased slightly by 1.2 per cent to €2,839.8 billion, while imports saw a more significant reduction of 13.5 per cent to €2,773.8 billion.

Consequently, the euro area achieved a surplus of €65.9 billion, in stark contrast to the €332.2 billion deficit recorded in the same period of 2022. Intra-euro area trade also experienced a downturn, falling 5.4 per cent to €2,630.1 billion in 2023, as per Eurostat.

The broader EU mirrored this trend, with extra-EU exports of goods in December 2023 dropping by 9.1 per cent to €200.1 billion, and imports from the rest of the world decreasing by 20.3 per cent to €184.5 billion, leading to a trade surplus of €15.7 billion.

This marks a reversal from the €11.5 billion deficit seen in December 2022. Throughout 2023, extra-EU exports slightly decreased by 0.7 per cent to €2,553.6 billion, and imports declined by 16.4 per cent to €2,512.8 billion, resulting in a surplus of €40.8 billion compared to the previous year's €434.6 billion.

Intra-EU trade fell by 3.6 per cent to €4,101.3 billion in 2023.

December 2023 saw nearly all EU member states registering decreases in exports, with the most significant drops observed in Cyprus (down 55.5 per cent), Belgium (down 23.2 per cent), and Estonia (down 21.9 per cent), except for a marginal increase in Portugal (0.3 per cent).

Import figures also declined across the board, except for Denmark, which saw a slight increase of 0.7 per cent.

The largest decreases in imports were noted in Lithuania (down 30.1 per cent), Estonia (down 26.5 per cent), and Latvia (down 21.3 per cent).

Source: fibre2fashion.com– Feb 17, 2024

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Ethiopia Inks $28 Million Deal to Develop Circular Textile Industry

Ethiopia recently signed an agreement that will infuse the African nation's textile and garment industry with millions of dollars in funding to improve circularity and growth over the next five years.

The partnership between the country and the United Nations Industrial Development Organization (UNIDO) will bring $28 million into Ethiopia's textile and apparel sector to fuel growth focused on promoting circularity. The project is financed in collaboration with the Global Environmental Facility (GEF), which will offer the lion's share of funding. UNIDO will be responsible for $3 million of the funds.

The project, which will be implemented by the Ethiopian Textile Industries Development Institute over the next five years, will focus on introducing more efficient technologies that can fuel growth and reduce waste. The program will help textile and garment producers to implement recycling programs in their facilities that will not only reduce physical waste, but also monetary waste. Enhancements to regulation and institutional capacity also will be part of the project.

UNIDO is a specialized agency of the United Nations that assists countries in economic and industrial development. Headquartered in Vienna, Austria, the agency has permanent outposts in more than 60 countries, including Ethiopia. UNIDO has had a presence in Ethiopia since 1968, implementing more than 300 projects covering a range of technical assistance interventions.

Among those projects, UNIDO has focused on providing technical support and capacity building resources to industrial development in the textile, leather and agro-processing sectors of Ethiopia. Much of that support comes through the Programme for Country Partnership in Ethiopia, which brings development partners, UN agencies and financial institutions together with Ethiopia's business sector to focus on growth in those three light manufacturing sectors.

Ethiopia has a long history of cotton production, spinning and weaving. Currently, more than 230 large and medium-scale textile production factories operate in the country, along with 11,800 small-scale enterprises, according to UNIDO. In recent years, international brands such as

Walmart, H&M and Jiang Lianfa Textile have invested in operations in Ethiopia, with the country's total textile sector investment exceeding $1.2 billion over the last five years.

According to UNIDO, Ethiopia's leather industry benefits from having one of the world's largest livestock populations with 52 million cattle—ranking the country first in Africa and sixth in the world in cattle. The country also has large populations of sheep and goats, as well. Ethiopia produces millions of square meters of leather for footwear annually.

But both the textile and leather industries in Ethiopia have faced challenges such as outdated equipment, production and supply chain inefficiencies, and material shortages that have inhibited growth.

One of the PCP's planned initiatives in the country is the establishment of a leather industry cluster of existing tanneries in the city of Modjo. The PCP also has plans to set up three additional footwear and leather goods clusters, while also strengthening fashion design and training capabilities of the country's Leather Industry Development Institute.

This new influx of cash will help fund many of those projects, as well as other initiatives to bolster textile and leather production in Ethiopia. Ethiopia's state minister of finance H.E. Semereta Sewasew said that the UNIDO agreement will provide needed continued support for the industrialization of Ethiopia.

Source: sourcingjournal.com– Feb 16, 2024

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Italian trade shows mixed trends in Dec; exports rise, imports fall

In December, Italy's exports rose by 1.2 per cent, while imports saw a decline of 1.9 per cent compared to November 2023. Exports to EU countries increased by 1.3 per cent and to non-EU countries by 1.1 per cent. Conversely, imports witnessed a decrease of 1.5 per cent for EU countries and 2.5 per cent for non-EU countries during the same period, according to the Italian National Institute of Statistics (Istat).

Over the last quarter of 2023, both exports and imports showed positive growth compared to the previous quarter, with a rise of 1.4 per cent and 0.9 per cent, respectively.

However, December 2023 figures, when compared to the same month in the previous year, revealed a concerning trend. Exports saw a significant decline of 7.8 per cent, while imports experienced an even sharper drop of 17.6 per cent. Outgoing flows decreased by 8.8 per cent for EU countries and 7.0 per cent for non-EU countries, while incoming flows saw reductions of 9.8 per cent for the EU area and a substantial 26.7 per cent for the non-EU area.

Looking at the year 2023 as a whole, compared to 2022, outgoing flows remained relatively stable, with a minor decrease of 2.3 per cent for EU countries and a slight increase of 2.5 per cent for non-EU countries. However, incoming flows took a hit, decreasing by 10.4 per cent overall, with a marginal drop of 0.4 per cent for EU countries and a more significant decrease of 20.9 per cent for non-EU countries.

On a positive note, the trade balance for December 2023 registered a surplus of €5,614 million, with a deficit of €2,750 million for EU countries and a surplus of €8,364 million for non-EU countries. Excluding energy, the trade balance surplus stood at €10,249 million.

For the entire year of 2023, the trade balance marked a notable turnaround for Italy, shifting from a deficit of €34,054 million in 2022 to a surplus of €34,460 million. Excluding energy, the surplus soared to €98,800 million compared to €76,854 million in 2022.

In terms of import prices, December 2023 saw a monthly decrease of 1.3 per cent, with import prices in the euro zone dropping by 0.3 per cent and those in the non-euro zone declining by 2.3 per cent. Over the last three months, however, import prices experienced a modest increase of 1.1 per cent, remaining unchanged for the euro zone but rising by 2.1 per cent for the non-euro zone.

Comparing import prices to the same month a year ago, there was a significant decrease of 9.4 per cent overall, with a decline of 2.8 per cent for the euro zone and a sharper drop of 14.8 per cent for the non-euro zone. Looking at the entire year of 2023, import prices decreased by 7.4 per cent compared to 2022, with a marginal decrease of 0.2 per cent for the euro zone and a substantial drop of 13.1 per cent for the non-euro zone.

Source: fibre2fashion.com– Feb 17, 2024

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Euro area & EU industrial production surges in December 2023

Industrial production in Europe witnessed an upswing in December 2023 compared to November 2023, with both the euro area and the EU reporting a robust increase of 2.6 per cent, according to data released by Eurostat. This surge follows a more modest growth of 0.4 per cent in the euro area and 0.5 per cent in the EU in November 2023.

Moreover, December 2023 saw industrial production rise by 1.2 per cent in both the euro area and the EU compared to December 2022, indicating a steady upward trajectory in manufacturing activity.

However, despite these positive monthly and annual figures, the annual average industrial production for the year 2023 exhibited a decline of 2.4 per cent in the euro area and 2.0 per cent in the EU compared to 2022, Eurostat, the statistical office of the European Union, said in a press release.

Industrial production in the euro area in December 2023, compared with November 2023, grew by 20.5 per cent for capital goods, by 0.5 per cent for durable consumer goods, by 0.3 per cent for energy and by 0.2 per cent for non-durable consumer goods, while production fell by 1.2 per cent for intermediate goods.

In the EU, in December 2023, compared with November 2023, industrial production grew by 18.0 per cent for capital goods, by 0.6 per cent for non-durable consumer goods and by 0.4 per cent for both energy and durable consumer goods, while production fell by 0.7 per cent for intermediate goods.

Among Member States for which data are available, the highest month-on-month increases were registered in Ireland (+23.5 per cent), the Netherlands (+6.6 per cent) and Denmark (+5.6 per cent). The largest decreases were observed in Slovenia (-7.4 per cent), Croatia (-4.3 per cent) and Finland (-2.7 per cent).

Industrial production in the euro area in December 2023, compared with December 2022, grew by 9.4 per cent for capital goods, while production fell by 1.7 per cent for energy, by 3.6 per cent for intermediate goods, by

3.7 per cent for non-durable consumer goods and by 5.4 per cent for durable consumer goods.

In the EU, in December 2023, compared with December 2022, industrial production grew by 8.6 per cent for capital goods, while production fell by 1.3 per cent for energy, by 1.7 per cent for non-durable consumer goods, by 4.0 per cent for intermediate goods and by 6.4 per cent for durable consumer goods.

Among Member States for which data are available, the highest annual increases in December were registered in Ireland (+44.7 per cent), Denmark (+6.7 per cent) and Malta (+5.0 per cent). The largest decreases were observed in Slovenia (-10.2 per cent), Hungary (-8.7 per cent) and Bulgaria (-6.9 per cent).

Source: fibre2fashion.com– Feb 17, 2024

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Messe Frankfurt launches new Uzbek textile shows

Tashkent - Messe Frankfurt is to extend its footprint in the burgeoning Central Asian market with the launch of three new textile events in Tashkent, Uzbekistan.

The new exhibitions will include Heimtextil Uzbekistan for the home textiles industry, Texworld Tashkent for the fabric sector, and Apparel Sourcing Tashkent.

According to Messe Frankfurt, the country's strategic location as a crossroads of Europe and Asia positions it as a promising trade gateway and transportation hub, facilitating the economic development of neighbouring countries and access to the wider region.

Expressing his confidence in the extension of the company's Asia portfolio in the region, Wolfgang Marzin, CEO of Messe Frankfurt Group, said: "As a global leader in the trade fair industry, our strategic manoeuvre in Central Asia should be a key indicator of the potential for greater economic globalisation.

"The region is a connecting point between Asia and Europe, and lies within China's Belt and Road, an initiative geared towards enhancing the integration between economies.
"In this regard, countries like Uzbekistan play an important role in linking the east and west; its robust consumer market, opening political and business landscape, as well as geographical location, make it an attractive trading partner and investment destination."

Messe Frankfurt also noted that shifting global supply chains and trading patterns could also drive opportunities in the region.

It benefits from its geographical location owing to its position between Asia and Europe, to which the Uzbek Government recognises the prospects of investing in infrastructure, such as transportation and logistics, to create an efficient transit hub. Against this backdrop, China has also acknowledged the importance of developing routes along the Belt and Road while Europe has expressed a readiness to support Uzbekistan's efforts to diversify transport corridors.

Stephan Buurma, member of the board of management of Messe Frankfurt Group, added: “Messe Frankfurt is an ideal partner for Uzbekistan to enhance its position in the global arena as our sales network in 180 countries and regions will attract the attention of companies across a number of industries.

"For example, Uzbekistan is rising as a hotspot for textiles; while it is already one of the world’s largest exporters of cotton, there are also opportunities to import and invest in the modernisation of the textiles and clothing industry."

Heimtextil Uzbekistan, Texworld Tashkent and Apparel Sourcing Tashkent will take place alongside each other from 6 – 8 November 2024.

Source: knittingtradejournal.com– Feb 16, 2024

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Turkish Dec textile-clothing-footwear retail sales volume up 5.3% YoY

Turkiye's retail sales volume with constant prices (2015=100) increased by 11.4 per cent year on year (YoY) in December last year. It increased by 1.7 per cent month on month (MoM) during the month.

Non-food (except automotive fuel) sales increased by 16.9 per cent YoY and by 2.3 per cent MoM during the month, according to a release from the Turkish Statistical Institute.

Retail turnover with current prices (2015=100) increased by 80 per cent YoY and 4.3 per cent MoM in December. Non-food sales increased by 85.1 per cent YoY and 5 per cent MoM.

Retail sales volume of textile, clothing and footwear rose by 5.3 per cent YoY and by 0.6 per cent MoM during the month. The same sector's retail sales turnover increased by 79.2 per cent YoY and by 3.4 per cent MoM.

Source: fibre2fashion.com– Feb 16, 2024

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Bangladesh: BGMEA chief advocates workers' health for industry growth

Walmart today expressed its interest to work more closely with Bangladesh and procure more items as the US retail giant believes the country is a lucrative destination for sourcing, said Andrea Albright, executive vice-president for sourcing of the company.

Albright made the comment at a meeting with Salman F Rahman, the prime minister's adviser on private industries and investment, at the latter's office in Dhaka.

The executive vice-president added that Walmart has been sourcing garment items from Bangladesh for many years although the volume reduced a bit during the Covid-19 pandemic.

However, the quantity of garment items sourced from Bangladesh will increase soon, she said, hoping that some other products would be added to the existing basket of goods.

Paul Dyck, vice-president of Walmart on global government affairs and business diplomacy, and other senior officials of the company were also present at the meeting, according to a statement from the adviser's office. During the meeting, Rahman urged Walmart's top officials to source more from Bangladesh and include electronic products, agri products, packaged spices, jute goods, and also garment items made from man-made fibre.

Currently, Walmart is Bangladesh's second-largest international garment buyer after Swedish retail giant H&M. Walmart sources nearly $4 billion worth of garment items from Bangladesh annually while H&M sources more than $4 billion annually.

Rahman also said garment factories in the nation have been maintaining global standards of compliance and that workplace safety has been strengthened."Many of Bangladesh's garment factories have passed the world's highest standards of testing," he said. The adviser briefed them as Bangladesh's economy has been rebounding from the severe fallouts of the Covid-19 pandemic and the Russia-Ukraine war.

Source: thedailystar.net– Feb 16, 2024

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Bangladesh apparel women leaders highlight entrepreneurial challenges

Despite a gradual increase in the number of women entrepreneurs in Bangladesh's readymade garment industry, they encounter numerous obstacles in business management and expansion.

Women leaders in the industry highlighted this during a recent gathering titled 'Women's Night,' held at the Gulshan Club, in capital Dhaka.

They expressed that the journey of women entrepreneurs in the garment sector has been far from being smooth.

The event, organised ahead of the upcoming election of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), saw the participation of female members of the BGMEA board, as well as spouses of former BGMEA presidents and current board members.

During the meeting, women leaders highlighted the challenges faced by the lady entrepreneurs, shedding light on issues related to business management, expansion, and overall participation in the garment industry.

Despite their growing presence, women entrepreneurs continue to grapple with various forms of discrimination and obstacles, hindering their progress and potential contribution to the sector's growth, the women leaders said.

The event served as a platform for women entrepreneurs to voice their concerns and advocate for greater support and inclusivity within the garment industry.

Source: fibre2fashion.com– Feb 17, 2024

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Bangladesh Bank introduces currency swaps with banks for 1st time

The Bangladesh Bank has introduced currency swaps with banks for the first time to meet the net reserve condition set by the International Monetary Fund (IMF) with its $4.7- billion loan programme.

The taka will be sold in exchange for approved foreign currencies at the spot rate at the near-leg for conventional commercial banks.

At the far-leg, the deal will be settled by applying the same exchange rate with a swap point based on the interest rate differential considering the prevailing benchmark rate of foreign currencies, according to domestic media reports.

For Shariah-based banks, the taka will be sold in exchange for foreign currencies at the spot rate at the near-leg. At the far-leg, the deal will be settled by applying the same exchange rate, the central bank said.

The swap deal will be executed within the counterparty limit to be set by the forex reserve and treasury management department of the central bank.

Each deal will be in multiples of one million of foreign currency, starting from a minimum value of five million and equivalent taka with a tenure of seven days to 90 days. The rollover may be allowed by applying the prevailing rates, the bank's notice said.

Many banks have no excess dollars now and the demand for the currency is high as well.

Source: fibre2fashion.com– Feb 16, 2024

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Pakistan: Exports of textiles rise 10pc in January

Textile and clothing exports grew for the second consecutive month in January, according to data issued by the Pakistan Bureau of Statistics (PBS) on Friday.

The sector's exports rose 10.10 per cent to $1.45 billion in January from $1.32bn in the same month last year. Month-on-month the exports increased by 3.33pc.

However, in the first seven months of FY24, textile and clothing exports shrank 2.99pc to $9.73bn from $10.03bn in the corresponding months last year. The decline was attributed to escalating production costs due to higher energy costs and a liquidity crunch.

However, it remains uncertain whether this upward trend in growth observed in the past two consecutive months will persist in the upcoming months.

A few months ago, the Ministry of Commerce announced that the government would soon offer regionally competitive energy prices to textile exporters and resolve their cash flow issues by releasing pending sales tax refunds. However, the decision has yet to be implemented.

The textile and clothing exports contracted by 14.63pc to $16.50bn in FY23. However, the total merchandise exports dipped 12.71pc to $27.54bn from $31.78bn in the preceding year.

The PBS data showed the exports of readymade garments rose 13.85pc in value in January and 28.06pc in quantity, while knitwear grew 8.39pc in value and 69.84pc in quantity. Bedwear posted a growth of 19.26pc in value and 25.63pc in quantity.

Towel exports increased by 5.41pc in value and 11.45pc in quantity, whereas those of cotton cloth by 0.46pc in value and 49.26pc in quantity. However, raw cotton and yarn exports increased by over 126.45pc and 19.78pc in January from a year ago. The exports of made-up articles, excluding towels, increased by 9.81pc, and tents, canvas and tarpaulin went down by 24.15pc in January from a year ago. The import of textile machinery declined by 34.81pc in January, a sign that expansion or modernisation projects were not a priority.

At the same time, the import of synthetic fibre increased by 16.92pc, synthetic and artificial silk yarn by 13.20pc and other textile items by 33.45pc. The import of raw cotton declined by 91.11pc during the month under review. However, the import of worn clothes posted a negative growth of 5.52pc during the month under review.

In the first seven months of FY24, the total exports slightly increased by 7.87pc to $17.77bn from $16.48bn over the last year.

Oil imports

Oil imports dipped by 12.06pc in the first seven months of FY24 to $9.33bn from $10.61bn a year ago, PBS data showed.

According to the PBS data, imports of petroleum products declined by 25.94pc in value during July-January and 18.87pc in quantity. Imports of crude oil increased by 7.74pc in quantity while the value decreased by 3.96pc.

Similarly, liquefied natural gas imports increased by 4.82pc during 7MFY24 on a year-on-year basis.

Machinery imports increased by 16.61pc to $4.35bn in July-January from $3.73bn in 7MFY23, mainly due to an increase in imports of telecom equipment, including mobile phones, electrical machinery, and office machinery. All other categories of machinery recorded a negative growth.

Mobile phone imports surged by 138.08pc to $987.53 million from $414.80m. This represents the single largest share of overall machinery import value in the first seven months of FY24.

The transport sector's imports tumbled by 25.15pc to $976.004m in the July-January period against $1.30bn in the same months last year.

Source: dawn.com– Feb 17, 2024

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NATIONAL NEWS

SEZs may have to wait till after the elections for rehauled rules

The fate of the proposed Development of Enterprise and Service Hubs (DESH) Act, set to overhaul SEZ rules to turn them into more inclusive economic hubs, is likely to be decided by the new government that comes in after the general elections in the country, sources have said.

"The Commerce Department worked on the draft DESH Bill to incorporate changes suggested by the Finance Ministry and other line ministries affected by it. It was also examining the option of bringing in the new rules through the SEZ (Amendment) Bill, 2023, which would be a quicker exercise. But it seems time to iron out all the creases before the general elections has run out. It is likely that the matter will now be taken up after the general elections," an official tracking the matter said.

Finance Minister Nirmala Sitharaman proposed the framing of the DESH Bill in her FY23 Budget speech to make the SEZ policy more attractive for investors. She said the new legislation would cover all large existing and new industrial enclaves to optimally utilise the available infrastructure and enhance competitiveness of exports. Following the sunset clause setting in on income tax exemption for SEZ developers and units, investors have been losing interest.

"The idea behind the proposed DESH Act was also to shift the focus from exports to creation of manufacturing and services hubs that will cater to domestic market. But there were disagreements between the Commerce Department and the Finance Ministry on tax sops and duty exemptions," another source said.

One of the fiscal benefits initially proposed by the Commerce Department but rejected by the Finance Ministry was freezing of the concessional corporate tax rate of 15 per cent for greenfield ventures till 2032.

The Commerce Department had also proposed permitting the sale of SEZ-manufactured products in the domestic market without imposing import duties to bring about parity with non-SEZ units benefitting from zero or reduced import duties through free trade agreements.

Proposals for streamling procedures include auto-renewal of LoAs (letters of approvals), provisions for conversion of existing industrial estates/parks as development hubs, subject to meeting the required eligibility criteria, provisions for de-notification of development hubs, including partial de-notification of certain floors in services hubs.

These measures lead to ease of entry and exit for businesses, and are intended to enhance ease-of-doing-business in development hubs, officials had said earlier.

The initial proposal also included removal of the Net Foreign Exchange (NFE) clause that required units in SEZs to be net foreign exchange earners by exporting more than they imported.

Source: thehindubusinessline.com– Feb 16, 2024

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India-UK FTA talks at advanced stage; India-EU FTA talks this month

Talks between the United Kingdom and India regarding a proposed bilateral free trade agreement (FTA) are at an advanced stage, and both sides are busy sorting out differences on the remaining issues, according to India's commerce secretary Sunil Barthwal.

The 14th round of talks on the FTA started on January 10.

The negotiations are taking time as India wants to safeguard its interests, the official said.

"India should commercially gain out of it and we should also be able to safeguard the interest of our farmers, PLI (production linked incentive) scheme goods. So, we are there to see that the deal is a fair deal," he told reporters in New Delhi recently.

India-UK trade rose to $20.36 billion in fiscal 2022-23 from $17.5 billion in fiscal 2021-22.

The seventh round of talks on the planned India-European Union (EU) FTA is scheduled from February 19 to 23 in New Delhi.

On the India-Pacific Economic Framework for Prosperity (IPEF), legal scrubbing of the text on clean and fair economy clauses is under way, additional secretary in the ministry Rajesh Agrawal said. The supply chain resilience pact will come into force from February 24 this year, he added.

Source: fibre2fashion.com– Feb 16, 2024

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India, Taiwan sign migration agreement to strengthen bilateral cooperation

India and Taiwan on Friday signed a migration and mobility agreement that will facilitate the employment of Indian workers in diverse sectors in the self-ruled island, a move that is seen as reflective of the renewed momentum in the cooperation between the two sides.

The memorandum of understanding (MoU) was signed at a virtual ceremony by Director General of the India-Taipei Association (ITA) Manharsinh Laxmanbhai Yadav and Baushuan Ger, the head of the Taipei Economic and Cultural Centre in New Delhi. In order to strengthen the bilateral labour cooperation relations, Taiwan and India have signed an MoU, Taiwan's labour ministry said. Both sides were engaged in discussions over the pact for the last several years.

After all the preparatory work is completed, India will be announced as a "new source" country of migrant workers in accordance with the law, the Taiwanese labour ministry said. Taiwan's current source countries for migrant workers are Vietnam, Indonesia, the Philippines and Thailand.

The two sides will hold follow-up discussions to complete the procedures to implement the migration and mobility pact. In the follow-up discussions, the two sides will deliberate on issues such as industries in which Indians can be employed, the number of jobs, source regions in India for migrant workers, qualifications for employment, language skills and recruitment methods, a statement said.

It said the Taiwanese side will decide the industries and number of Indian migrant workers to be allowed to work in Taiwan and the Indian side will recruit and train workers according to Taiwan's needs.

The Taiwanese labour ministry said it will submit the MoU to the Legislative Yuan for a review in accordance with the laid down law and hold a working-level meeting with the Indian side as soon as possible to discuss details relating to the implementation of the pact. The ministry said Taiwan is affected by an ageing population and low birth rate, and that is why it is looking at the migrant labour force.

Source: business-standard.com– Feb 16, 2024

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India's small exporters reel as Red Sea crisis helps rivals nab business

Atul Jhunjhunwala, an exporter in the Indian eastern city of Kolkata, is tearing his hair out, having just lost another order due to the Red Sea crisis that has jacked up his shipping costs and times.

"Last week, I lost a big order to a Polish competitor who does not need to pay increased freight rates," said Jhunjhunwala, head of Binayak Hi Tech Engineering which ships about 700 containers of machinery tools, industrial castings, and railway shed materials per year.

Turkish exporters were also benefiting at the expense of Indian companies, he said, adding that he has also sent some orders on to buyers at a loss after absorbing increased costs.

"No one can afford to lose buyers with whom we have worked for over decades," he said.

Missile and drone attacks in the Red Sea by Yemen's Houthi militants, who say they are acting in solidarity with Palestinians in the Gaza war, have forced many ocean freight firms to re-route vessels away from the Suez Canal to around the Cape of Good Hope on the southern tip of Africa.

The crisis has begun to upend global supply chains, with Chinese exporters also stumbling in pain. Many suppliers sign export deals on a cost, insurance and freight basis, making them responsible for any increases in freight and insurance costs.

In India, small exporters - who account for 40% of the country's annual merchandise exports worth some $450 billion - have warned that job losses have started and could soar if the attacks, which began late last year, become prolonged.

Even before the crisis, India's small exporters were operating at very thin profit margins - typically between 3% and 7%, according to industry estimates.

"Job losses are already visible in India's textile hub of Tirupur due to the Red Sea issue in southern India where small exporters are working at one-third of their capacity," said K.E. Raghunathan, a Chennai-based manufacturer and national chairman of the Association of Indian Entrepreneurs.

He noted that longer shipping times had led to less freight capacity and that the scarcity of containers was becoming a big problem for small exporters as big export houses have booked containers in bulk. The government should help small exporters otherwise many of them would "perish", he added.

Export organisations have formally sought relief from the government which has formed a trade ministry panel to monitor the situation and consider their requests for help.

"ONE OF THE WORST TIMES"

More than 80% of India's merchandise trade with Europe and the United States would normally take place via the Red Sea. India exports roughly $8 billion of merchandise to Europe a month and more than $6 billion a month to the United States.

Textiles, engineering goods - which comprise steel, machinery and industrial parts - as well as gems and jewellery are India's biggest sectors exporting to those regions.

Re-routing via the Cape of Good Hope has meant ships sailing from India will often need an extra 15-20 days before reaching destinations in Europe, greatly increasing costs.

For example, shipping a container to Britain now costs around $4,000 compared to $600 before the Red Sea crisis, Ashok Kajaria, chairman at Kajaria Ceramics told an analysts' call last month.

The Red Sea crisis comes only a few years after the COVID-19 pandemic when freight rates soared as supply chains snarled and demand for goods jumped. India's small exporters have also since been hit by weakening demand for their goods as Western economies grapple with high inflation levels.

"This is one of the worst times for many garment exporters," said Nitin Seth, chief operating officer at Pratibha Syntex, an Indore-based garment manufacturer.

"If this situation persists, at least one-fifth of small exporters could resort to job cuts," he said.

Other exporters in India's textile industry - which directly employs 45 million people and indirectly another 15 million - said they were worried that they could soon lose business to Turkey's clothing industry.

"Turkey, a major competitor for India's textiles exports in Europe, poses a big risk to small exporters due to its locational advantage," said Ajay Sahai, director general of the Federation of Indian Export Organisations.

In one silver lining, many export contracts for India will come up for renewal in March or April - the start of the business year - and many smaller exporters said they are hopeful that customers will agree to bear at least some of the burden of increased freight costs.

"We have a long-term relationship with our customers. We expect they would agree to absorb a part of higher freight rates when contracts come up for review," said Jhunjhunwala.

Source: economictimes.com– Feb 16, 2024

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Express View on goods data: Straws in trade wind

Data released by the Ministry of Commerce and Industry on Thursday showed that India's merchandise exports grew by 3.1 per cent to $36.92 billion in January, from $35.8 billion last year. Goods exports have now registered a positive growth in three of the last four months. But for the financial year so far (April-January), total goods exports have touched $353.9 billion, down almost 5 per cent from $372.1 billion over the same period last year. Excluding oil exports, the decline is less, with non-oil exports down around 2.5 per cent this year.

The segment wise data shows that electronic goods continued to register a healthy performance, growing at 9.31 per cent in January. For the year so far, electronic exports are up a healthy 20.7 per cent, even as overall exports have fallen. Alongside, drugs and pharmaceutical exports are also up 8 per cent. However, major labour intensive segments such as gems and jewellery, textiles, leather and products have not fared well.

Alongside, goods imports also grew at 3 per cent in January. However, excluding oil and gems and jewellery, imports were 2.3 per cent lower than last year. For the year so far (April-January), imports stood at $561 billion, down 6.7 per cent from $601 billion over the same period last year. The segment wise data shows that vegetable oil imports are down almost 29 per cent, fertiliser around 40 per cent and coal roughly 25 per cent. Imports of petroleum, crude and products, chemicals, pearls, precious and semi-precious stones and transport equipment are also significantly lower than last year. On the other hand, imports of gold, electronic goods and machinery, electrical and non-electrical goods are up.

There were expectations that the January trade data would reflect the disruptions caused due to the conflict in the Red Sea. The region accounts for 12 per cent of global trade, and around 80 per cent of India's goods trade with Europe passes through it. Attacks by Houthi rebels on ships had forced vessels to take the longer route. As per a report in this paper, in January, India's petroleum exports to Europe had been affected by these developments. However, based on the January trade data, a report by Nomura says that, "on a value basis, there doesn't seem to be major disruption to trade from the Red Sea escalations." It is possible that the effects will be visible in data still to come.

Source: indianexpress.com– Feb 17, 2024

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India's textile, apparel exports down 5.87% to $27.7 bn in Apr-Jan '24

India's textiles and apparel exports declined by 5.87 per cent to $27.707 billion during April 2023-January 2024. The sector could not maintain stability amid a global slowdown, despite a focus on diversifying the Indian product profile. Textiles and apparel's (T&A) share also shrank to 7.83 per cent of India's total merchandise exports in the first ten months of the current fiscal 2023-24 (April-March).

An analysis of the latest trade data revealed that the share of textiles and apparel was 7.91 per cent in the corresponding period of the last year.

The ministry of commerce and trade's latest trade figures showed that T&A exports were $29.436 billion in April 2022-January 2023. Textile exports increased marginally by 0.15 per cent to $16.124 billion in April 2023-January 2024, up from $16.101 billion in the same period of the last fiscal.

Cotton yarn, fabrics, made-ups, and handloom products saw a 5.69 per cent increase to $9.561 billion in the first ten months of the current fiscal. However, the shipment of man-made yarn, fabrics, and made-ups declined by 6.56 per cent to $3.808 billion, and carpet exports decreased by 0.29 per cent to $1.152 billion in the period.

India's apparel export fell by 13.14 per cent to $11.583 billion in April 2023-January 2024, down from $13.335 billion in the same period of the previous year.

In January 2024, T&A exports decreased by 2.29 per cent to $2.987 billion from $3.056 billion in the corresponding period of 2023. Textile exports eased 1.18 per cent to $1.546 billion from $1.564 billion in January 2023. Cotton yarn, fabrics, and made-ups exports grew by 2.50 per cent to $891.93 million in January 2024. However, exports of man-made yarn, fabric, and made-ups fell by 4.33 per cent to $379.71 million in the period. Apparel exports from the country declined by 3.46 per cent to $1.441 billion in January 2024 from $1.492 billion in January 2023.

According to the latest figures, imports of cotton raw & waste declined by 61.57 per cent to $518.38 million in April 2023-January 2024, down from $1,349 million in the same period of 2023. Imports of textile yarn, fabric, and made-ups dropped by 14.85 per cent to $1,931.68 million in the first ten months of the current fiscal from $2,268.44 million. During January 2024, imports of cotton raw & waste dropped 32.32 per cent to $19.62 million, while textile yarn, fabric, and made-ups imports decreased by 11.24 per cent to $184.66 million.

Source: fibre2fashion.com– Feb 16, 2024

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Indian Textiles on the Brink: Can a new policy save the day?

The Indian textile industry, once a global powerhouse, is facing significant challenges. Declining exports, ailing infrastructure, and fierce competition threaten its future. In a recent report, a Parliamentary Committee recognized the need for urgent action and called for a comprehensive National Textile Policy (NTP) to revitalize the sector. As per the Minister of Textiles, Government of India, "The textile industry is a vital contributor to our economy and job creation. A new National Textile Policy is essential to address the challenges and unlock the sector's full potential."

The need for a new policy

To begin with, India's textile and apparel exports have fallen by 11 per cent in the last five years as per Textile Ministry data. This decline is attributed to factors like rising production costs, outdated technology, and inadequate infrastructure. Over 100 textile units are currently classified as ‘sick’ impacting thousands of jobs and hindering industry growth. The industry struggles to compete with countries like Bangladesh and Vietnam due to lower labor costs and policy advantages. Also, the lack of a unified policy hinders progress

Table: Statistical overview

India's Textile and Apparel Exports: $42.4 billion in 2022-23

Number of Textile Mills: 2,500+.

Job Creation in Textile sector: 4.5 crore+

Then there is the issue of past policy limitations. The outdated National Textile Policy formulated in 2000, is outdated and lacks a holistic approach. Multiple state policies create inconsistencies and hinder national-level planning. Varying support across states creates an uneven playing field. Inadequate power supply, poor transportation networks, and limited access to quality raw materials hinder efficiency and raise production costs. Shortage of skilled workers, especially in technical areas, impedes innovation and productivity.

Stopping the export slide

There is an urgent need to limit the export slide. The focus needs to be on value-added products. Shift from basic textiles to technical textiles, functional apparel, and design-driven segments. Also, there is a need for fresh Free Trade Agreements (FTAs). Better trade deals with key markets to reduce tariffs and boost exports. Need for investing in automation, modernization, and R&D to improve efficiency and product quality. And building strong brands and promoting Indian textiles globally.

Strengthening ‘Make in India’

Another reason for a new policy is to attract investments. Create investor-friendly policies, infrastructure development, and single-window clearances. Establishing PM MITRA parks with integrated infrastructure and support services can attract investments and create job opportunities. Streamlining regulations, reducing bureaucratic hurdles, and providing single-window clearance can attract domestic and foreign investors

Self-reliance in raw materials

Promote domestic sourcing and reduce dependence on imported raw materials and encourage local production. Promote high-yielding cotton varieties, improve farming practices, and reduce wastage. Encourage domestic production of synthetic fibers like polyester and nylon. Promote sustainable sourcing and recycling of raw materials. Implement comprehensive training programs to create a skilled workforce. Ensure adherence to environmental and labor regulations to meet international quality demands. "Skilling and reskilling the workforce is crucial for the industry to compete globally and achieve self-reliance," points out President, Confederation of Indian Industry - Textiles Committee

The Indian textile industry stands at a crossroads. A comprehensive National Textile Policy, coupled with focused action on modernization, skill development, and self-reliance, can be the thread that weaves a brighter future for the sector. By addressing the limitations of existing policies and implementing strategic solutions, India can regain its position as a global textile leader.

Source: fashionatingworld.com– Feb 16, 2024

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Textile Tussle: Anti-dumping duties spark trade friction between India and China

The textile industry, a crucial spoke in India and China's GDP economic growth, has become a battleground for anti-dumping duties (ADD), raising concerns about business losses and the future of trade relations.

Tit for tat ADDs

Both India and China have imposed ADD on imports from each other. For example India in 2021, imposed ADDs on Chinese viscose staple fiber (VSF), citing dumping margins of 3.71per cent to 15.72 per cent. This led to a 7 per cent decline in VSF imports from China, impacting garment manufacturers reliant on affordable Chinese VSF. Similarly, China in 2022 imposed ADDs on Indian cotton yarn, alleging dumping margins of 3.1 per cent to 7.2 per cent.

This resulted in a 25per cent drop in Indian cotton yarn exports to China, impacting Indian spinning mills. As Amitabh Yadav, President, Clothing Manufacturers Association of India (CMAI) opines, "These ADDs are protectionist measures that distort trade and harm consumers."

Year	India's ADDs on Chinese textile imports (in $million)	China's ADDs on Indian textile imports (in $million)
2021	203.24	231.57
2022	251.43	278.92
2023 (YTD)	112.37	145.21

Source: World Trade Organization (WTO) Trade Statistics Database

Reasons for ADDs

Several factors lead to the imposition of ADDs. On major reason is protecting domestic industries. Countries like India and China use ADDs to shield their domestic textile industries from allegedly unfair competition from foreign players.

ADD investigations based on complaints from domestic industries alleging unfair trade practices look at key factors like: Dumping or selling goods below their normal value in an export market; evidence that the dumped imports harm the domestic industry; Proof that the dumping caused the injury. Trade disputes can sometimes be fuelled by broader political and economic conflicts as well.

The other reason is correcting unfair trade practices. ADDs aim to counter dumping, where a country exports goods at prices below their domestic market value, harming domestic producers in the importing country.

ADDs aim to level the playing field by raising the price of dumped imports, making them less competitive with domestic products. Proponents argue that ADDs protect jobs in domestic industries threatened by unfairly priced imports. As an Indian yarn manufacturer says, "The anti-dumping duty on Chinese yarn impacted our raw material costs, forcing us to raise prices and lose some customers to cheaper competitors."

Case for India and China ADDs

The impact of these duties is evident in trade figures and industry reports for both India and China. India's imports of Chinese viscose staple fibre fell by 40 per cent in 2022, while China's imports of Indian polyester textured yarn declined by 25per cent. Indian textile exports facing anti-dumping duties in China experienced a 10-15 per cent drop in value.

Indeed, anti-dumping duties offer temporary relief to domestic industries, but their long-term consequences for trade relations and global competitiveness can be detrimental. The use of ADDs in the India-China textile trade is a complex issue with significant economic and political implications. ADDs can protect domestic industries, they also have negative consequences for businesses and consumers.

Both India and China need to engage in constructive dialogue and explore alternative solutions to protect their industries without jeopardizing wider economic interests. Open communication, transparent investigations, and adherence to WTO rules is key to navigating this complex situation and ensuring a sustainable future for the textile industry. Finding a balance between protecting domestic interests and promoting fair trade remains a crucial challenge for both countries.

Source: fashionatingworld.com– Feb 16, 2024

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