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Currency Watch			
USD	EUR	GBP	JPY
82.97	89.36	104.42	0.55

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INTERNATIONAL NEWS

China's port throughput growth to slow in 2024 amid weak demand: Fitch

China's port throughput growth may slow in 2024, with the risk of a decline, amid weak external demand and manufacturing globally, according to Fitch Ratings.

Cargo and container throughput at China's eight major seaports rose by 4 per cent and 6 per cent y-o-y, respectively, in the fourth quarter (Q4) of fiscal 2023 (FY23).

Fitch believes the growth was driven by new shipping lines, additional container capacity, the Regional Comprehensive Economic Partnership (RCEP), China's Belt and Road Initiative, the ramp-up of multimodal transport, and an increase in transported containers via the China-Europe Railway.

China's export decline slowed to 3 per cent y-o-y in Q4FY23, from 11 per cent in Q3FY23. Exports to ASEAN and the EU fell by 9.3 per cent and 9.7 per cent in Q4FY23, respectively, after the 17.0 per cent and 17.5 per cent drop in Q3FY23.

The decline in exports to the US also eased to 3 per cent in Q4FY23, from 14.3 per cent in Q3FY23. The decline in ASEAN, EU and US demand was tempered by resilient exports to Russia, which jumped by 24 per cent in Q4FY23, Fitch said in a press release.

The Red Sea conflict may continue to disrupt global supply chains in 2024, but the volume via the New Western Land-Sea Corridor, RCEP, China-Europe Railway and sea-river transport will provide a cushion for China's throughput growth.

Source: fibre2fashion.com– Feb 20, 2024

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Europe's Source Fashion unveils diverse lineup

The third installment of Source Fashion, Europe's foremost responsible sourcing exhibition, kicked off with a bang, boasting its largest and most diverse array of manufacturers, suppliers, and artisans from over 20 countries. The event, held at Olympia London, featured a special appearance and keynote discussion by renowned British fashion designer Patrick McDowell, whose captivating collection, 'Marie Antoinette Goes to Liverpool', graced the Source Fashion Catwalk.

At the heart of Source Fashion lies a commitment to responsible fashion practices, aiming to foster positive change within the retail industry. Suzanne Ellingham, Director of Sourcing at Source Fashion, emphasized the event's mission to facilitate better business practices and serve as a catalyst for ethical transformation within the fashion realm. Ellingham stated, "Our purpose is to create a safe buying space for buyers and to bring good, reliable manufacturers and suppliers from around the world to Olympia London."

Connecting the global sourcing community

With a focus on forging connections and fostering innovation, Source Fashion serves as a hub for the global sourcing community. The event brings together a diverse array of material suppliers, artisans, and manufacturers dedicated to crafting exceptional quality garments in an ethically conscious manner.

Leading brands and retailers, including Canada Goose, Swarovski, and John Lewis, among others, converged at the exhibition to explore new opportunities and engage in meaningful dialogue.

Prominent figures within the fashion industry, such as Touker Suleyman of Low Profile Holdings and visitor Antonio De Pasquale, lauded Source Fashion for its role in facilitating invaluable networking opportunities and promoting sustainable practices.

Exhibitors, like Ettos, a textile traceability platform, expressed optimism about the growing interest in product traceability and transparency.

A highlight of this year's event was the debut of the Source Luxury section, featuring a curated selection of premium exhibitors showcasing high-quality garments and fabrics. From UK-based material suppliers to off-shore exhibitors, Source Fashion provided attendees with access to an extensive range of sourcing options, including near-shore and luxury materials.

Sustainable fashion takes center stage

The Source Catwalk Stage showcased a sustainable and immersive catwalk experience, featuring designs that embody the ethos of responsible fashion. Patrick McDowell's collection, inspired by 'Marie Antoinette Goes to Liverpool', seamlessly merged classic silhouettes with contemporary twists, underscoring the designer's commitment to sustainability and storytelling.

The event also offered attendees a glimpse into the future of fashion, with insightful talks by industry experts such as fashion futurist Geraldine Wharry. Wharry emphasized the importance of embedding future foresight into current practices and highlighted emerging trends, including AI transparency and the shift towards sustainable business models.

As Source Fashion enters its second day, attendees can look forward to a lineup of engaging sessions covering topics ranging from retail transparency to the circular economy. Suzanne Ellingham expressed her satisfaction with the turnout on day one and anticipates continued success throughout the remainder of the event.

Source Fashion stands as a vital platform for the fashion community, offering a unique opportunity to engage with industry leaders, discover innovative sourcing solutions, and champion responsible fashion practices. As the event continues to evolve, it remains a beacon of inspiration and collaboration for those committed to shaping a more sustainable future for the fashion industry.

Source: fashionatingworld.com– Feb 19, 2024

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Vietnamese firms face capital crunch despite orders

Despite a resurgence in orders, Vietnamese enterprises continue to grapple with capital shortage, hindered by their ability to access much-needed funds.

Economist Dinh Trong Thinh highlighted the return of orders to Vietnamese enterprises after a challenging period marked by declines, attributing this positive trend to efforts in maintaining traditional markets, expanding into new ones, and leveraging free trade agreements (FTAs).

Signs of recovery in production and business are emerging for the current year, Thinh noted. However, the resurgence in orders belies the underlying struggle faced by enterprises, particularly concerning capital shortages.

Statistics from the ministry of planning and investment revealed a concerning trend: in January alone, over 53,800 enterprises exited the market, marking a significant increase of 22.8 per cent compared to the same period last year.

This figure nearly doubled the number of new firms and those resuming operations. Meanwhile, optimism regarding access to loans remains low among enterprises, with only around 6.8 per cent expressing confidence for 2024. VIS Rating indicated that falling global demand, inflation risks, and capital accessibility issues are eroding enterprises' strength.

Nguyen Dinh Tue, director of HCM City SMEs Promotion Centre, stressed the need for measures to enhance access to banking credit, citing difficulties faced by SMEs in securing loans due to financial transparency issues and a shortage of mortgage assets.

In response, the State Bank of Vietnam has set a credit growth target of 15 per cent for the year, signalling a readiness to increase it to 16 per cent if necessary.

Source: fibre2fashion.com– Feb 19, 2024

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US' retail sector sees 3.1% holiday sales increase in Q4 2023: Report

The US retail sector demonstrated a positive trajectory with notable gains highlighted during the holiday season, according to the Retail Outlook Q4 2023 report by Jones Lang LaSalle (JLL). The overall holiday sales in the US for November and December experienced a 3.1 per cent increase from 2022.

The report also indicates a robust end to the year with the highest net absorption levels of 2023 reaching 17.6 million square feet, a surge in demand for mall spaces contributing substantially to the fourth-quarter totals.

The Sun Belt markets are identified as particularly promising for sustained retail rent growth. The top eight markets witnessing the highest population growth from mid-2022 to mid-2023 were all located in the Sun Belt. These markets also reported, on average, 13 per cent less space available compared to the national average, indicating tighter market conditions conducive to growth, as per the report.

Furthermore, 2023 was marked as an active year for retail expansion, with new store opening announcements significantly outnumbering closure announcements. The data reveals about 6,617 new store plans announced in 2023, as opposed to 4,412 announced store closures, showcasing a positive outlook for the sector's growth.

Looking forward to 2024, the report identifies a few key trends expected to influence the retail industry. Firstly, there is a significant push towards adopting generative AI by retailers to enhance consumer shopping experiences and operational efficiency, with an estimated 78 million Americans having used generative AI in 2023.

Secondly, a rethinking of the self-checkout strategy by some retailers is underway, driven by growing customer dissatisfaction, errors, and retail shrinkage associated with self-checkout lanes.

Notably, companies like Walmart, Target, ShopRite, Costco, and Dollar General are reassessing this feature or adding additional staff to these areas.

Thirdly, drone deliveries are on the rise, with Walmart planning to expand its drone delivery services in the Dallas-Fort Worth area to cover 75 per cent of the region's population by the end of 2024, potentially serving an additional 1.8 million households. This expansion underscores the evolving dynamics of retail delivery services and the potential for broader adoption in the future.

Source: fibre2fashion.com– Feb 18, 2024

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Italian textile machinery orders index remains stable in Q4 2023

In the fourth quarter of 2023 Italian textile machinery orders index, drawn up by the Economics Department of ACIMIT, the Association of Italian Textile Machinery Manufacturers, appears to be stationary compared to data recorded for the same period in 2022. In terms of absolute value, the index stood at 82.4 points (basis: 2015=100).

This is the result of an upswing in orders from foreign markets, counterbalanced by declining orders on the domestic front. While orders in Italy decreased at 18% rate, a 4% increase was observed abroad. The absolute value of the index on foreign markets amounted to 77.9 points, whereas it came in at 126.2 points domestically. Overall for the fourth quarter, the average order backlog yielded 3.7 months of assured production.

For the whole 2023 year, the index declined 25% overall compared to the 2022 average (absolute index of 82.4). On the home front however, the index dropped 24% (absolute index of 124.5), while slipping 25% abroad (absolute index of 78.4).

ACIMIT president Marco Salvadè commented the data: “The orders index for October – December 2023, as elaborated by our Economics Department, confirms an intake of orders that is still weak, with a negative trend in demand for machinery that is ongoing for the domestic market.” Nonetheless, the orders index abroad shows a slight increase.

“We estimate that the global geopolitical context is still a source of concern,” continued Salvadè, specifying that, “For the first nine months of 2023, Italian exports on major global markets (i.e. China, Turkey, India and the United States of America), confirm a widespread decline. However, some positive signs emerged in the fourth quarter of last year, as reflected by the latest orders index. For 2024 we expect a consolidation of this trend reversal.”

Source: fibre2fashion.com– Feb 19, 2024

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Germany likely in recession now, but not prolonged: Bundesbank

Weak external demand, cautious consumers and high borrowing costs leading to domestic investment being held back has caused the Bundesbank to conclude that Germany is likely in recession now.

Struggling since Russia's 2022 invasion of Ukraine pushed up energy prices, its industry-heavy economy is now in its fourth consecutive quarter of zero or negative growth, weighing on the entire euro zone, the central bank said in a routine monthly report.

"There is still no recovery for the German economy," it noted.

"Output could decline again slightly in the first quarter of 2024. With the second consecutive decline in economic output, the German economy would be in a technical recession," it said.

The German government, however, argues that high energy costs, weak Chinese demand and rapid inflation have temporarily held back growth, but will not fundamentally question economic strategy.

As financing costs have sharply increased since the European Central Bank pushed up interest rates to a record high to combat inflation, companies are also holding back investment, the Bundesbank said.

High nominal wage growth is also affecting companies and strikes in key sectors like transport could also weigh on growth in the quarter, the central bank noted.

Disruption of shipping in the Red Sea will, however, not have a significant impact because there is plenty of spare capacity in shipping and because freight costs are only a minor part of the overall cost of goods, the Bundesbank noted.

Despite a weak outlook, the bank expects no major deterioration in the labour market, which has insulated the economy so far, and Germany is not facing a broad-based, prolonged recession.

Source: fibre2fashion.com– Feb 20, 2024

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Sri Lankan exporters bullish on 2024 growth, underlines survey

The Ceylon Chamber of Commerce (CCC) conducted a survey covering 2023 and forecasts for 2024, revealing Sri Lankan exporters' confidence in growth prospects.

The fifth Export Barometer Survey highlighted their resilience amid global challenges.

According to the survey, 39 per cent of firms anticipate moderate economic growth in 2024 compared to 2023.

A significant majority (71 per cent) have embraced digital technologies to enhance export operations, with 68 per cent of adopters being SMEs even as exporters foresee moderate growth in orders/services for 2024 (43 per cent), driven by digital transformation trends.

SMEs, in particular, leverage digital tools for streamlined processes, from marketing to advanced technologies, bolstering global visibility.

Despite economic complexities, the export sector exhibited robust growth in 2023.

Rising utility prices and transport costs posed challenges, while service-oriented exporters struggled with skilled labour shortages.

However, identifying new business opportunities spurred workforce expansion even as political stability and consistent energy supply were deemed critical for operational efficiency.

Source: fibre2fashion.com– Feb 20, 2024

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Bangladesh: Apparel export ebbs amid economic slowdown

A sagging mood in global economy sent Bangladesh's apparel exports ebbing down, with the receipts from its largest market-the European Union---declining over 20 per cent in the past calendar year.

Readymade garment (RMG) exports fetched the country 17.38 billion euros from the EU in 2023 in a 20.65-percent fall from the 2022 earnings of 21.91 billion euro, according to data from Eurostat--the statistical office of the European Union.

Exporters explain the why: high inflation and rising interest rates globally dampened consumer demand that created inventory glut in western buyers' retail stores and discouraged them from placing new orders.

They say the official data from importing countries reflected the real work-order situation here in Bangladesh for the year 2023.

Official figures from the Eurostat showed exports of both knitwear and woven wears to the EU in 2023 having declined. Knitwear subsector fetched 10.64 billion euros, down from 13.95 billion euro in 2022. Woven items earned 6.74 billion euros, against 7.95 billion euros in 2022.

The overall EU import of apparel in 2023 from the world at large also decreased, by 16.22 per cent to 83.19 billion euros, from 99.29 billion euros in 2022.

The EU trade data also showed two of Bangladesh's key competitors--China and Turkey--also logged negative growth in export to the EU market in 2023, reflecting an overall dampened Western fashion appetite.

Germany is the single-largest market for Bangladesh's clothing export-and the shipments there, too, witnessed about 17-percent fall last year, says Md Shahidullah Azim, vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He explains that demand decreased due to wars, which had driven up inflation and interest rates and that resulted in apparel-inventory swelling.

"As a result, buyers placed reduced-rate work orders throughout the last year," he says.

The BGMEA leader, however, notes that retail sales in December improved following Christmas, leading to a decrease in inventory levels and hopes for a turnaround.

"Buyers have recently started making more queries and placing more work orders," he says, expressing hope for increased exports from April onwards.

The BGMEA leader regrets that they are not getting fair price despite recent wage hike as buyers' cost has also gone up due to the long transit time because of Red Sea crisis that has resulted in up to 30 days additional time to reach the destinations.

Echoing Mr Azim's anticipation, former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Fazlul Hoque linked the decline in shipments mostly to sluggish demand amid economic crisis over there. He said the official data from the EU, and the US-where local RMG shipments also witnessed a 25-percent decline in 2023-- reflected their real situation.

Exporters said there were less work orders last year and many factories closed down at 05:00 pm and could not work overtime for shortage of work orders. The BKMEA leader also opines that recently the work-order situation turns for the better which might be reflected in five to six months later.

Eurostat statistics show that China's apparel exports to the EU in 2023 amounted to 22.73 billion euros, accounting for a 21.54-percent decline. Similarly, EU apparel imports from Turkey recorded a 13.23-percent decline to 9.93 billion euros in the calendar year.

Vietnam and India in 2023 experienced negative growth of 14.68 per cent and 13.12 per cent, respectively, reaching 3.78 billion and 4.03 billion euros.

Source: thefinancialexpress.com.bd/– Feb 16, 2024

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Bangladesh's export earnings from EU drop 20% in 2023: Eurostat

The downturn in the global economy has led to a decline in Bangladesh's apparel exports, particularly to its largest market, the European Union, where receipts dropped by over 20 per cent in the past calendar year.

According to data from Eurostat, Bangladesh's RMG export earnings from the EU totaled €17.38 billion in 2023, marking a significant decrease of 20.65 percent from the 2022 earnings of €21.91 billion. Exporters attribute this decline to high inflation and rising interest rates globally, which have dampened consumer demand, resulting in an inventory glut in Western retail stores and a reluctance among buyers to place new orders.

Official figures from Eurostat indicate that both knitwear and woven wear exports from Bangladesh to the EU declined in 2023. Knitwear exports fell to €10.64 billion from €13.95 billion in 2022, while woven items earned €6.74 billion, down from €7.95 billion in 2022. Overall EU imports of apparel from the world also decreased by 16.22 per cent to €83.19 billion in 2023 from €99.29 billion in 2022.

Bangladesh's key competitors, China and Turkey, also experienced negative growth in their exports to the EU market in 2023. Largest market for Bangladesh's clothing exports, Germany witnessed a 17 per cent decrease in shipments last year, according to Md Shahidullah Azim, Vice President, BGMEA. He attributes this decline to increased inflation and interest rates due to ongoing wars, which have led to swelling apparel inventories and reduced-rate work orders from buyers.

Despite these challenges, Azim notes a slight improvement in retail sales in December, following Christmas, which has led to a decrease in inventory levels and raised hopes for a turnaround in the industry. He mentions an increase in inquiries and work orders from buyers in recent times, expressing optimism for increased exports from April onwards.

Fazlul Hoque, Former President, BKMEA, links the decline in shipments to sluggish demand amid the economic crisis. He acknowledges that factories faced reduced work orders, leading to early closures and an inability to work overtime.

Looking ahead, exporters anticipate a potential improvement in the work-order situation in the coming months, although the full effects may not be seen for another five to six months. Eurostat statistics show similar declines in apparel exports from China, Turkey, Vietnam, and India to the EU in 2023, reflecting a broader trend of decreased demand in the Western fashion market.

Source: fashionatingworld.com– Feb 19, 2024

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Regulation hindrance impeding Bangladesh's global e-market prospects

The regulatory framework's limitations, especially regarding cross-border transactions and foreign currency policies, is hindering Bangladesh apparel industry from capitalising on the global e-commerce boom.

As per media reports, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Faruque Hassan maintained this even as he emphasised the need for apparel manufacturers to prioritise the virtual marketplace in today's digital age, highlighting the growing online presence of consumers, particularly Gen Z.

The BGMEA president underscored the opportunities presented by this shift, urging exporters to adapt to the emerging trend. He acknowledged the significance of virtual platforms, particularly during Covid-19 lockdowns, while pointing out policy inconsistencies that impede industry growth.

The absence of global payment gateways, financing challenges, complex export processing, and impractical return policies pose substantial obstacles to establishing a robust digital marketplace, Hassan noted.

A study by BGMEA aims to unlock the virtual garment market's potential in major export destinations, projecting a $489 million increase in garment business by 2027. Bangladesh is forecast to capture 0.2 per cent of the USA, 0.1 per cent of the EU, and 0.75 per cent of African markets, amounting to a combined $308 billion.

The BGMEA chief viewed the report as vital for industry progression and urged policymakers and entrepreneurs to use its insights. He suggested further studies on logistics, branding, and foreign exchange policies to maintain competitiveness. Developing a comprehensive business model is essential to navigate global competition and expand the digital presence, Hassan stressed. The report, he believed, will guide future business expansion endeavours, facilitating Bangladesh's growth in the digital realm.

Source: fibre2fashion.com– Feb 19, 2024

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Pakistan: Weekly Cotton Review: Prices continue to rise amid dwindling supply

There has been a significant increase in the price of cotton, with a further rise of Rs 1000 per maund. The rate of quality cotton has crossed Rs 23,000 per maund, while Phutti reached a high of Rs 10,500 per 40-kg. The trend of increase in international cotton prices has been continuing.

However, there is a fear of closure of industries, including the textile sector, due to the continuous increase in the prices of electricity, petrol, and gas.

Due to the increase in political chaos in the country, economy is on the brink of collapse, with an increased negative impact on businesses. There is great unrest among industrial and business circles, as well as, the general public.

Cotton sowing has started, and production this year is expected to increase, according to experts. The exports of the textile sector have increased by 10.10% in January.

In the domestic cotton market, the trend of increasing cotton prices continued during the last week due to the interest of textile and spinners in buying local cotton. There are two main reasons for the increase in cotton prices. One is the supply of local cotton is becoming limited day by day. On the other hand, the price of New York cotton continued to rise, reaching a high of 94 to 95 US cents per pound.

Business volume remains relatively limited. The country's industries, including the textile sector, are in dire straits due to the sharp increase in energy and gas prices, high-interest rates, and unusual delays in refunds.

The International Monetary Fund (IMF) has rejected the proposal to reduce the price of energy from 14 cents to 9 cents The government has harmed local industries by increasing the price of gas. The country's exports will be affected, and it will be unable to compete with regional countries.

The cost of textile products will increase significantly due to the severe financial crisis in the market. Moreover, All Pakistan Textile Mills Association (APTMA) has expressed the fear that 50% more textile sectors will be closed due to continuous increases in energy prices. There is a storm of unemployment in the country, and it will increase further in the days to come.

On the other hand, due to the political crisis in the country, the risk of chaos, inflation, unemployment, and instability is increasing. The government needs to be cautious of all these serious threats.

In the province of Sindh and Punjab, the price of cotton is between Rs 20,000 to Rs 22,500 per maund after its rate increased by Rs 500 to Rs 1000 per maund. The rate of Phutti in Punjab is between Rs 8,500 to Rs 10,500 per 40 kg. The rate of Khal, Banola, and oil is stable.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 1,000 per maund and closed it at Rs 21,500 per maund.

Naseem Usman, Chairman of the Karachi Cotton Brokers Forum, stated that the price of cotton in the international cotton market has increased significantly. The New York cotton futures rose to 94-95 US cents per pound, which is having a positive effect on local cotton.

According to the USDA Weekly Export and Sales Report for the year 2023-24, 160,500 bales were sold. China was the top buyer, purchasing 57,800 bales, while Turkiye bought 34,700 bales, ranking second. Pakistan purchased 28,300 bales, grabbing third position. 7,700 bales were sold for the year 2024-25.

Turkiye was at the top, purchasing 2,200 bales. Pakistan bought 2,200 bales and secured second place. Mexico purchased 2,100 bales, placing third.

However, APTMA has again raised its voice against high electricity and gas tariffs and their implications on the industry, especially the textile industry, cautioning that if urgent measures are not taken over 50 percent of the industry will be at high risk of closure.

In a letter to the caretaker Minister for Power and Petroleum, Muhammad Ali, Executive Director, APTMA Shahid Sattar, noted that the international competitiveness of Pakistan's textiles and apparel exports is being continuously eroded by ever-increasing energy prices that are, on average, more than twice those in competing countries and merit the Power Minister's attention. According to APTMA, electricity for industrial consumers is hovering around Cents 16.7/ kWh and the price of gas is being increased to Rs 2,950/ MMBTU from the current price of Rs 2,200/ MMBTU and Rs 852/ MMBTU a little over a year ago.

In the letter, APTMA argued that at prevalent energy rates, production is not financially feasible, and the sector's exports have stagnated as the country has lost market share to regional economies like Bangladesh, India, and Vietnam with significantly lower energy tariffs.

At the same time, the country's macroeconomic outlook remains weak as high inflation continues to persist, and the external sector remains vulnerable with no improvement in foreign exchange earnings.

The economy is stuck in a wholly unsustainable situation where industrial activity is shrinking with every passing day, with further implications not just for employment and poverty but also for the power sector revenue and the government's fiscal position.

The interim rule has again drawn severe criticism for "intruding" into the economic matters that left the national economy in disaster by increasing the energy prices to a "historic" level, textile exporters said on Wednesday. They said that the interim government was responsible for mainly holding the elections and not wrestling with the economy.

They also blamed it for "deliberate" and "engineered" motives that caused industrial slowdown and sabotaged the country's exports during its entire tenure. Muhammad Jawed Bilwani, Chief Coordinator Value-Added Textile Forum, Mubashar Naseer Butt, Chairman Pakistan Readymade Garments Manufacturers & Exporters Association, Muhammad Usman, Towel Manufacturers & Exporters Association and Khalid Majeed, Chairman, Denim Manufacturers & Exporters Association jointly held the interim setup responsible for the economic downturn.

Apart from this, Sajid Mahmood, Head of the Transfer of Technology Department at the Central Cotton Research Institute in Multan, has stated that cotton farmers should cultivate only varieties approved by the Central Cotton Research Institute in Multan and the Punjab Agriculture Department to achieve higher production from Agiti cotton. Unapproved varieties are more susceptible to pests and diseases and yield less.

According to data released by the Pakistan Bureau of Statistics (PBS) on Friday, textile and clothing exports increased for the second consecutive month in January.

The sector's exports rose by 10.10 percent to $1.45 billion in January from $1.32 billion in the same month last year; month-on-month exports increased by 3.33 percent. However, in the first seven months of FY24, exports of textiles and clothing declined by 2.99% to $9.73 billion from $10.03 billion in the corresponding months last year.

The decline is due to the increased cost of production because of higher energy costs and a lack of liquidity. However, it is uncertain whether this trend of increasing growth in the last two consecutive months will continue in the coming months.

Source: brecorder.com– Feb 19, 2024

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NATIONAL NEWS

UK says India needs to open its markets much more for a successful FTA

India must be prepared to open its markets for goods and services much more for a successful conclusion of the India-UK Free Trade Agreement (FTA), sources in the UK government have said.

While the UK has recently shown huge interest in expediting the proposed FTA, possibly wanting it concluded before the elections in both countries, sending the ball in India's court could indicate the country's limited flexibility on key issues.

"The India-UK FTA can be sealed in as less as three weeks provided India opens up more. There are economic and political ambitions on both sides," the official added.

The UK has been pressing for deep duty-cuts on items such as Scotch and automobiles, where import duties in India are as high as 150 per cent and 100 per cent (70 per cent for vehicles up to $40,000) respectively. It also wants liberalisation of financial and legal services and strong IPR rules to give additional protection to pharmaceutical majors.

New Delhi, however, holds the view that the UK's tariffs on goods are low because of the attributes of the country's economy as it benefits from the low-duty imports. "The UK must be ready to give additional benefits to India in the FTA such as lowering tariffs for certain items such as textiles where duties are high, liberalisation of non-immigrant visas and a social security totalisation agreement," an Indian industry source said.

Recently, Commerce Secretary Sunil Barthwal told the media that the country must safeguard its interests and make substantial gains in the FTA negotiations with the UK.

"India should commercially gain out of it (India-UK FTA) and we should also be able to safeguard the interest of our farmers, and (protect) goods covered under PLI (production linked incentive) scheme. So, we are there to see that the deal is a fair deal," Commerce Secretary Sunil Barthwal said.

However, the UK does not seem too comfortable offering big concessions to Indian workers, whether in terms of liberalisation of work visas or a social security agreement. A social security agreement could help Indian professionals working temporarily in the UK save up to millions of pounds every year in compulsory contributions for pension that they would not be able to enjoy as their work tenure would end much earlier.

The two countries are optimistic about bilateral trade in goods and services doubling to $100 billion by 2030 if the FTA is implemented soon.

Earlier this month, a UK trade delegation led by Douglas McNeill, chief economic advisor to UK PM Rishi Sunak, was in New Delhi, meeting top decision makers, including Finance Minister Nirmala Sitharaman, Commerce & Industry Minister Piyush Goyal and senor officials in the Prime Minister's Office, looking for possible breakthrough in sticky issues.
Highlights

*India-UK FTA negotiations launched on Jan 13 2022

*Potential to double trade to $100 billion by 2030

*14th round of negotiations began from Jan 10 2024

*Majority of 26 chapters closed but remaining issues tricky

*UK wants deeper duty cuts in goods, including Scotch, cars

*India keen on liberalisation of work visas, social security pact

Source: thehindubusinessline.com– Feb 18, 2024

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India, Asean discuss review of trade agreement

Eight sub-committees have been constituted under the India-Asean free trade agreement joint committee for undertaking negotiations on different areas related to the review of the pact, an official statement said on Monday. India hosted the third meeting of the committee for undertaking the review here from February 16-19.

The AITIGA (Asean-India trade in goods agreement) was signed in 2009.

In September 2022, both sides tasked the AITIGA Joint Committee to undertake the review to make the agreement more trade facilitative and mutually beneficial. "A total of eight sub-committees have been constituted under the AITIGA Joint Committee for undertaking negotiations on different policy areas related to the agreement," the commerce ministry said.

The first two meetings of the joint committee were held in May and August last year. n the meeting, the ministry said, the sub-committees reported the progress and outcome of their discussions related to market access, rules of origin and standards, technical regulations and conformity assessment procedures to the joint committee.

India-10-nation bloc ASEAN trade has grown to USD 131.58 billion in 2022-23. Both sides are aiming to conclude the review in 2025.

The fourth meeting of AITIGA joint committee is planned to be held in Kuala Lumpur, Malaysia, in May.

The review of the AITIGA was a long-standing demand of Indian businesses.

India is asking for a review of the agreement with an aim to eliminate barriers and misuse of the trade pact.

Asean members include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

Source: economictimes.com– Feb 19, 2024

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Global cotton prices will likely gain more on tight supply-demand balance

After having gained over 15 per cent since the beginning of 2024, cotton prices will likely rule firm for the remainder of the season to September due to a tight balance sheet, traders and analysts say.

If the current trend continues, then India's cotton exports could rise from a low of 15.5 lakh bales (170 kg) witnessed in the 2022-23 (October-September) season.

Cotton futures on ICE are currently trading at a one-and-a-half-year high, which traders attribute to speculative buying. There is sustained demand for the natural fibre, though.

Current prices

Currently, May futures on ICE are ruling at 94.42 cents (₹62,150/candy). On the Multi-Commodity Exchange, May futures ended at ₹62,150 a candy on Monday. In Rajkot, Shankar-6 cotton, a benchmark for exports, was quoted at ₹57,900 a candy.

The modal price (the rate at which most trades take place) of unprocessed cotton (kapas) at Rajkot Agricultural Produce Marketing Committee (APMC) yard ruled at ₹7,025 a quintal with prices rising over ₹500 in the past week.

The US Department of Agriculture (USDA), in its World Markets and Trade report, said cotton futures rose to their highest level in 4 months in January with the March 2023 contract on the Intercontinental Exchange (ICE), New York, settling at roughly 88 US cents per pound (₹57,500 per candy of 356 kg). "Strong January foreign sales for US cotton relative to available supplies supported prices rising roughly 8 cents since December 2023," it said.

Turning speculative

"The international cotton market has turned speculative and is currently ruling above Indian prices. This could result in Indian farmers holding back their produce like last year. Indian prices may rise in tandem but we are not sure how much they will drop once global prices dip," said Rajkot-based Anand Popat, a cotton, yarn and cotton waste trader.

"The current rally in cotton looks to be volatile with too many fluctuations. Hedge funds are speculating too much on ICE. There doesn't seem to be any correlation with fundamental demand and supply," said Ramanuj Das Boob, a cotton sourcing agent for multinational and domestic firms in Raichur, Karnataka.

Globally, there is no long-term demand to sustain the price rally. The price rise will further hurt the textile value chain more, he said, seconding concerns raised by spinning mills over rising cotton prices.

In its latest weekly export sales data, the USDA reported that exports increased 11 per cent week-on-week with China, Vietnam and Pakistan being the primary importer.

Price forecast

Research agency BMI, a unit of Fitch Solutions, said the Commitments of Traders Report as of January 30 showed that net long positions in cotton futures and options reached 28,647 contracts, up from a net short position of 15,809 in June 2023. Currently, they have increased over 80,000.

BMI said, "We have held our average price forecast for ICE-listed second-month cotton futures in 2024 unchanged at 88.0 cents/lb, above the 2023 average of 83.3 cents. On February 2, 2024, ICE-listed second-month cotton futures reached 88 cents, representing a 7.2 per cent increase since the start of the year. This reflects the increasingly bullish sentiment recorded in the cotton market throughout Q323 and Q423."

The USDA said global production is projected to be down by 300,000 bales (227 kg) at 112.8 million bales as a result of lower production in Australia and Benin. It estimated consumption at 112.5 million bales, global trade at 42.9 million and ending stocks at 83.7 million bales for the 2023-24 (October-September) season.

Lower imports

Imports by India, China, Pakistan and Turkey are likely to be lower, while shipments from Brazil, Argentina and Australia have been pegged lower by the USDA.

Atul Ganatra, President, Cotton Association of India, told a business television channel recently that with the Cotlook Index currently over 100 cents, imports of cotton, including the 11 per cent duty, could result in the landed price of the natural fibre being ₹70,000-71,000 a candy.

BMI said prices during January-June 2023 were lower averaging 82.6 cents leading to a drop in production in major markets besides a rebound in Chinese imports. “We expect a tightening of the global cotton market in 2023-24 due to decreases in production and increases in consumption, which will support higher prices compared to 2022-23. On the supply side, we expect global production to be 113.4 million bales in 2023-24, down from an estimated 116.6 million bales in 2022-23,” it said.

This will largely be driven by the expected 12.1 per cent year-on-year decrease in US production, particularly in Texas, as well as a 10.4 per cent year-on-year decrease in production in China.

Export demand up

According to the USDA, the harvested area for cotton production in 2023-24 will decrease by 7.9 per cent in China and by 3.1 per cent in the US compared with 2022-23. This will be offset by expected increases in production in Brazil by 8 per cent, Pakistan by 71.8 per cent in the wake of the recovery from flooding in 2022 and in Turkey by 5 per cent, BMI said.

As a result of ICE prices ruling higher than domestic prices, demand for cotton exports has increased. “We were expecting exports to be around 15 lakh bales (170 kg) but looks like it will be over 25 lakh bales,” Poppat said.

Ganatra said his association expects exports to go up to 18-20 lakh bales from its initial estimates of 14 lakh bales. “Indian cotton is the cheapest in the world. In view of this, exports are likely to be good,” he said.

Popat said overall, the cotton market has turned bullish.

Source: thehindubusinessline.com– Feb 20, 2024

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Commerce ministry to extend benefits under RoDTEP scheme to SEZ units

The commerce ministry has decided to extend export benefits under the RoDTEP scheme for companies in the special economic zones (SEZs) and export oriented units (EOUs).

This decision was communicated to the Director General of Foreign Trade (DGFT) on February 16.

The DGFT may issue a formal notification soon amending the foreign trade policy on the same.

"Post rolling out of ICEGATE (Indian Customs Electronic Data Interchange Gateway) in SEZs, the RoDTEP scheme may also be extended to SEZs," according to an office memorandum of the commerce ministry. The government in August 2021, announced the rates of tax refunds under export promotion scheme -- Remission of Duties and Taxes on Exported Products (RoDTEP), for 8,555 products such as marine goods, yarn and dairy items.

As SEZs and EOUs were kept out of the scheme in the list notified that time, the industry was demanding to include them in the scheme.

Under RoDTEP, various central and state duties, taxes, and levies imposed on input products, among others, are refunded to exporters. The current RoDTEP rates are in the range of 0.3 per cent to 4.3 per cent.

ICEGATE is the national portal of Indian Customs of Central Board of Indirect Taxes and Customs (CBIC) that provides e-filing services to the trade, cargo carriers and other trading partners electronically.

It serves as an interface between trade users and the customs department and acts as a hub for exchanging information with external trading partners involved in international trading.

The primary goal of RoDTEP is to refund taxes and duties that are not rebated under any other scheme. This includes various central, state, and local duties/taxes/levies that are incurred in the process of manufacturing and distribution of exported products but are not refunded through schemes like GST (Goods and Services Tax) or Duty Drawback scheme.

RoDTEP does not include all exports. Exports under certain categories are currently excluded from RoDTEP benefits and that includes products exported from SEZs, EOUs, Electronic Hardware Technology Parks (EHTP), Biotechnology Parks (BTP), and Customs bonded warehouses; exports under Advance Authorisation (which allows duty-free imports of inputs for export production); re-exported imported goods.

The list also includes exports subjected to minimum export price or export duty; restricted export or import products; and supplies from Domestic Tariff Areas (DTAs) to SEZ/Free Trade and Warehousing Zones (FTWZ) units.

Commenting on the development, economic think-tank Global Trade Research Initiative (GTRI) said RoDTEP may lead to overcompensation for import intensive exports from SEZs.

The decision may be a disproportionately "high bonanza" for high import intensive exports from SEZs, it said.

However, the decision overlooks exports from other categories that are in a similar situation as SEZs, it added.

GTRI said for large-scale exports from SEZs, such as electronics, petroleum products, and jewellery, which have high import content, RoDTEP could represent a significant incentive.

It said that a lot of big exports from SEZs, like electronics (including smartphones), petroleum products, diamonds, and gold jewellery, add less than 10 per cent of their value in India.

"This means over 90 per cent of what makes up these products comes from imports, which do not have to pay duties. If these exports get a 3 per cent incentive from the RoDTEP scheme, it means they earn an extra USD 30 for every USD 100 they make. If we add other incentives like PLI (production-linked incentive), the figure will be very high," the GTRI said. GTRI Founder Ajay Srivastava said sending goods from the domestic market to SEZs is treated as exporting, these transactions do not qualify for RoDTEP benefits.

"However, they are strong candidates to be included in the RoDTEP scheme," he said, adding "a significant concern is the limited budget for RoDTEP, which could mean reduced rates for all if more exports are included, especially since these rates are already lower compared to the previously available Merchandise Exports from India Scheme (MEIS) rates".

These zones are treated as foreign entities in terms of provisions related to customs.

So far, the government has given formal approvals to over 420 SEZ developers, out of which over 375 are operational. Exports from these zones stood at USD 155.8 billion (USD 61.6 billion merchandise and USD 94.2 billion services) in 2022-23.

Source: business-standard.com– Feb 18, 2024

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India needs new cotton seed varieties for better productivity: House panel

India is in dire need of new varieties of cotton seeds and plants that are adaptive to the soil and climatic conditions to improve its cotton cultivation, the parliamentary standing committee on labour, skill development and textiles said in its recent report.

In 2022-23 India's acreage under cotton was 13,061 lakh hectares, the highest in the world, but the productivity yield was only 447 kgs/hectare, whereas in the USA the productivity yield was 1,065 kgs/hectare, according to the Ministry of Textile data.

"The committee observed that the core agro-climatic limiting factors in cotton cultivation in India seem to be in our knowledge. It appears to the committee that in addition to the Bt+ and other similar seed traits, the country is in dire need of varieties of cotton seeds/plants that are adaptive/suitable for our soil and climatic conditions," the report noted.

"The kg per hectare yield in India is extremely low when compared with kg per hectare yield of other major cotton producing countries. The committee notes that this low per hectare yield in India is due to the fact that the Bt seed technology in the country has become outdated and there is an urgent need for a new variety of seeds," it said.

The panel asked the Ministry of Textiles to do a comprehensive study on how to increase the productivity of cotton. It noted that the problem with genetically modified seeds is that farmers have to buy the seed every year, leading to the start of their debt journey, which gets steeper as the pesticides, fertiliser and labour costs add up without a commensurate increase in yield.

"The committee is of the firm opinion that much needs to be done in the area of availability of affordable and climatically adapted Bt or other hybrid varieties of cotton seeds in the country. Farmers should be further supported financially in quality seed procurement and in the adoption of best farming practices," the report said.

On the government's decision to exempt all cotton imports from customs duties, the committee said it might lead to an inflow of cheap cotton from other countries.

"In the absence of effective procurement and a price stabilisation fund to ward off the adverse impact of such inflow on prices could lead to an added burden on the already crisis-ridden cotton farmers in the country.

The committee is of the firm opinion that the Ministry of Textiles in consultation with the Ministry of Agriculture should take necessary measures for protection guaranteed to the cotton farmer in the form of assured procurement at remunerative prices at least one and a half times the cost of production of cotton by the farmers," it said.

Source: business-standard.com– Feb 18, 2024

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Hike in cotton prices worries textile mills

The recent hike in cotton prices in the international market and of cotton sold by the Cotton Corporation of India (CCI) in the domestic market has become a matter of concern to textile mills, especially small-scale units.

Atul Ganatra, president of the Cotton Association of India, said the current Indian cotton prices are lower than the international prices by almost ₹4,000 a candy and the association expects cotton exports this season to be almost 20 lakh bales. About 65% of the Indian crop (about 200 lakh bales) have arrived in the market and the domestic demand is "very good".

However, Koti Rao, president of the AP Textile Mills Association, told The Hindu on Saturday that the viable price of cotton for the mills should be about ₹58,000 a candy (254 kg). However, the price of cotton sold by the CCI went up to ₹62,000 a candy. "A few people have hiked the prices when they bid for cotton sold by the CCI," he alleged.

According to Mr. Rao, there is hardly any sign of revival of the textile industry and if the current situation persists, more textile mills will close down.

N. Pradeep, who runs an MSME mill in Tamil Nadu, said the increase in cotton prices (sold by the CCI) by almost ₹3,500 a candy in the last one week poses significant challenges for yarn manufacturers. "The textile industry is grappling with poor international demand and domestic sales and import of finished garments has intensified competition. It is worth noting that the Reserve Bank of India (RBI) has rated the textile industry as Red, further highlighting the severity of the situation. The CCI should reconsider its pricing strategy and ensure that future adjustments are reflective of the current market realities," he said.

According to J. Thulasidharan, president of the Indian Cotton Federation, it remains to be seen if the current hike in prices will sustain in the Indian market.

Source: thehindu.com– Feb 17, 2024

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TN budget announces several policy measures for textile industry

A six per cent interest subsidy for modernisation of spinning segment, and increase in the special capacity subsidy from 15 per cent to 25 per cent for the technical textiles, MMF yarn produced from recycled products, MMF fabric and apparel manufacturing in Tamil Nadu are among a slew of measures announced by Thangam Thennarasu, the state's minister of finance in the assembly today.

A substantial amount of ₹1,683 crore has been earmarked for the Virudhunagar PM MITRA park. In addition, ₹25 crore has been allotted to set up 'Research and Business Development Fund for Technical Textiles and Man-made Fibre', and another ₹25 crore is set aside in the budget for apparel clusters in Virudhunagar, Pudukottai, and Kanyakumari, a silk cluster in Salem, and a yarn cluster in Namakkal.

The state budget for 2024-25 has also allocated ₹20 crore for 10 mini textile parks in the districts of Karur, Erode and Virudhunagar.

The Southern India Mills' Association (SIMA) has appreciated the budget announced today and thanked chief minister MK Stalin, finance minister Thennarasu, and minister of handlooms and textiles R Gandhi for incorporating various suggestions given by the organisation.

SIMA chairman Dr. SK Sundararaman said the six per cent interest subsidy for modernisation of the spinning segment with a budget outlay of ₹500 crore is an attractive announcement which would greatly bring down the capital cost and encourage the spinning segment to modernise the old machines.

Stating that technical textiles and MMF manufacturing and recycled products manufacturing are the future growth engines and highly demanded by the global brands, Dr. Sundararaman said the increase in capital subsidy to 25 per cent is a very big encouragement for investors from the state. He hoped that the increase in subsidy would also attract investments from different states and abroad.

The allocation of ₹1,683 crore for Virudhunagar PM MITRA park is expected to generate employment for two lakh people, while the estimated investment of ₹800 crore from Salem Textile Park is expected to generate jobs for 8,000 people, SIMA chairman said in a press release.

Various allotments for apparel, silk and yarn clusters along with the research and business development fund "will greatly enhance the competitiveness, attract investment and create rural jobs especially for women," the press release said.

Further, a budget outlay of ₹227 crore to establish integrated complex comprising exhibition halls, design and incubation centres and commercial buildings at Chennai, in an area of four lakh sq.ft., will greatly help the handloom and handicrafts sectors, the release added.

"The 10 per cent payroll subsidy extended for new units employing 500 or more women physically challenged and transgenders people of Tamil Nadu domicile would give enormous job opportunities for the people of state," SIMA said.

"A vision of generating additional 100 billion units of renewable energy by 2030 is yet another fillip to the state budget and right direction to mitigate the carbon footprint and meet the global sustainability goal. The announcement of conducting a global start up summit during January 2025 would attract the eyes of the global investors and also throw opportunities for boosting exports," it added.

Source: fibre2fashion.com– Feb 19, 2024

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Ludhiana's garment industry faces buyer challenges due to economic factors

The readymade garment industry in Ludhiana, which plays a significant role in the country's textile business, is currently facing challenges. Despite hosting seven exhibitions over the past year, the events struggled to draw buyers for the showcased products, marking a departure from the previous trend of easily finding customers.

These exhibitions, once crucial platforms for textile manufacturers to showcase their latest collections, connect with potential buyers, and secure orders, have seen a decline in attendance. According to Vinod Thapar, president of the Knitwear Club, the decrease in purchasing power and the flow of money into the market have contributed to this situation.

Thapar noted that people's purchasing capacity has been decreasing, with individuals now buying fewer products compared to before. Only younger consumers seem to be spending money on clothing. Despite organising multiple exhibitions throughout 2023, the turnout has been only a fraction of what it used to be before the Covid-19 pandemic.

Chiranjiv Singh, the general secretary of the club, highlighted that the industry faced setbacks due to demonetisation in 2016 and the subsequent Covid-19 lockdown in 2020. The aftermath of these events has led to a shift in consumer trends and a challenging environment for the industry.

Source: apparelresources.com– Feb 19, 2024

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The Fabric of Trade: Chinese imports loom large over India's textile industry

The influx of Chinese fabrics into India has become a contentious issue, raising concerns about unfair competition, job losses, and the fate of the domestic textile industry. This influx raises concerns about legality and the future of domestic manufacturers. The issue is fairly complex.
Policy tailwinds for Chinese fabrics

One major loophole is the Free Trade Agreements (FTAs). India's FTAs with ASEAN countries, including Vietnam, are indirectly benefiting China. Fabric exported from China to these countries can be re-exported to India duty-free, circumventing higher tariffs.

Duty structures are another bane. Import duties on finished fabrics are sometimes lower than on raw materials or yarn, incentivizing import of finished goods instead of boosting domestic production. The Indian government levies lower import duties on finished fabrics (20 per cent) compared to raw materials like yarn at 30 per cent). This incentivizes garment manufacturers to import fabrics instead of making them locally. Moreover, China's government provides significant subsidies and tax breaks to its textile industry, making production costs lower.

Trade Data Review shows a significant increase in fabric imports from China. In 2022-23 (April-Dec), India imported $3.7 billion worth of fabrics from China, a 40 per cent increase over the previous year. As per the Directorate General of Commercial Intelligence and Statistics (DGCI&S), India imported $6.4 billion worth of fabrics from China in 2022-23, primarily synthetic and knitted fabrics. And these are the official figures.

However, under-invoicing and misclassification is an issue. Experts allege under-invoicing of Chinese fabrics to evade higher duties, making them artificially cheaper. The All India Knitters' Association estimates that 30-40 per cent of imports are undervalued.

Misclassification of fabrics as finished garments to attract lower duties is also suspected. Experts estimate that under-invoicing and smuggling could inflate the actual import volume by 20-30 per cent. This illegal activity distorts competition and deprives the government of revenue.

Then there is third-party routing. Fabrics routed through countries like Bangladesh, with whom India has duty-free trade agreements, raise concerns about circumventing import regulations. Estimates suggest that 10-15 per cent of fabric imports from Bangladesh originate in China, highlighting the scale of this practice.

Polyester and other synthetic fabrics dominate the import scene, accounting for over 70 per cent of the total volume. These are cheaper to produce in China due to economies of scale. Specialty fabrics like high-end silk and technical textiles are also imported, catering to specific market segments.

Impact on Indian industry

Rising imports through backdoor has affected Indian industry. The textile industry is a major job creator in India, with over 45 million workers. Rising imports are linked to job losses, particularly in textile hubs like Ludhiana, Surat, and Erode. Many small and medium-sized textile units are struggling to survive due to unfair competition from cheaper imports, leading to potential closures and loss of livelihoods.

Industry associations claim Chinese fabrics are often sold at prices lower than the cost of raw materials in India, raising concerns about unfair competition. This under-pricing puts downward pressure on domestic fabric prices, squeezing profit margins of Indian manufacturers. Uncertainty and lower profitability discourage fresh investments in the domestic textile industry.

Government action and industry response

To curb this malpractice, the Indian government has initiated anti-dumping investigations against specific Chinese fabric imports. Also, there are proposals to increase import duties on certain fabrics. “The government needs to take immediate action to protect our domestic textile industry from unfair competition," says Sanjay Jain, Chairman, CITI.

Meanwhile, textile industry associations are actively lobbying the government for protectionist measures and promoting domestic production through initiatives like skill development and modernization. They are also asking for stricter enforcement of import regulations and a level playing field for domestic manufacturers.

Indeed, the issue of Chinese fabric imports into India is complex and multifaceted. While trade agreements and policy structures have inadvertently facilitated these imports, the alleged under-invoicing and illegal practices raise concerns about a level playing field.

The impact on the Indian textile industry is significant, potentially leading to job losses, factory closures, and economic hardship. Addressing these concerns requires a multi-pronged approach, including stricter enforcement of trade rules, revisions in tariff structures, and support for domestic production. Only then can the Indian textile industry navigate this complex trade landscape and thrive in the global market.

Source: fashionatingworld.com– Feb 19, 2024

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