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Currency Watch			
USD	EUR	GBP	JPY
82.93	89.78	104.82	0.55

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INTERNATIONAL NEWS

UK & GCC move closer to FTA in latest negotiation round

The sixth round of negotiations for a free trade agreement (FTA) between the UK and the Gulf Cooperation Council (GCC) concluded recently, marking a significant step towards strengthening economic ties between the two regions. The discussions took place in London, adopting a hybrid format to accommodate both in-person and virtual participation from GCC negotiators.

During this latest round, substantial progress was made on the draft treaty text, covering the majority of chapters. The negotiations spanned over 30 sessions, addressing 21 policy areas, indicating both parties' dedication to forging an ambitious, comprehensive, and modern agreement suitable for the 21st century. This commitment underscores the mutual interest in facilitating a robust economic partnership, the UK government said in a press release.

The talks reflect a promising advancement in the UK-GCC relationship, with both sides expressing a steadfast commitment to concluding a deal that promises significant economic benefits. The potential agreement comes at a crucial time, with total trade between the UK and GCC valued at £59 billion.

The UK government has emphasised its resolve to ensure that any forthcoming agreement will align with the best interests of the British people and the UK economy. Authorities have assured that the UK's high environmental standards will remain uncompromised, alongside maintaining the right to regulate in the public interest. As anticipation grows, the next round of negotiations is expected to be scheduled shortly.

Source: fibre2fashion.com– Feb 20, 2024

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Brazilian cotton prices see 2.18% surge in mid-February

In a dynamic mid-February market, cotton prices in Brazil have been on a rollercoaster ride, settling at BRL 4 per pound. Comparing data from January 31 to February 15, the CEPEA/ESALQ Index for cotton experienced a notable 2.18 per cent rise, reaching BRL 4.0745 per pound on February 15, according to a report from the Center for Advanced Studies on Applied Economics (CEPEA).

This contrasts with the international trend, where values have been steadily climbing, widening the gap between domestic and overseas quotations, and leading to sporadic increases in the local market.

According to CEPEA's analysis, export parities FAS (Free Alongside Ship) surged by 4.1 per cent between January 31 and February 9, reaching BRL 4.1782 per pound ($0.8427 per pound) at the port of Santos (SP) and BRL 4.1888 per pound ($0.8449 per pound) at the port of Paranaguá (PR) on February 9. Meanwhile, the Cotlook A Index witnessed a 3.88 per cent increase during the same period, hitting $0.9685 per pound on February 9. The dollar also saw a modest 0.22 per cent appreciation against the Real between January 31 and February 9, closing at BRL 4.958 on February 5, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

The latest report by Brazilian National Supply Company CONAB, released on February 8, projected a potential 12.8 per cent expansion in the cotton area for the 2023-24 season, totalling 1.877 million hectares, alongside a 6.10 per cent increase in production compared to the previous month and a historic high of 3.288 million tons.

Meanwhile, data from the International Cotton Advisory Committee (ICAC) released on February 1 estimates global cotton production for the 2023-24 season at 24.481 million tons, marking a decrease of 0.32 per cent compared to the data from January 2024 and a 1.46 per cent decline compared to the previous season. Consumption, on the other hand, may total 23.762 million tons, remaining stable in relation to the previous report but slightly higher (+0.36 per cent) than the 2022-23 crop. Therefore, consumption may be 2.94 per cent smaller than the supply.

Source: fibre2fashion.com– Feb 20, 2024

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Walmart Hits $100 Billion In E-commerce Sales

Walmart Inc. is clicking—with the retail giant topping fourth-quarter earnings projections as it hit an e-commerce milestone for the year.

Doug McMillon, president and chief executive officer, crowed in a statement: "We crossed $100 billion in ecommerce sales and drove share gains as our customer experience metrics improved, even during our highest volume days leading up to the holidays."

That $100 billion represented a 23 percent increase in e-commerce last year as the brick and mortar giant continued to up its game against the online leader Amazon.

And Walmart is getting techier still, revealing a $2.3 billion deal to buy connected home and television company Vizio on Tuesday, looking to solidify its growth—something that could be a harder task this year with revenue trends moderating.

Fourth-quarter adjusted earnings—which factor out gains on Walmart's own investments—came in at $1.80 a share, or 16 cents ahead of the $1.64 analysts expected, according to FactSet. Still, net income fell 12.4 percent to $5.5 billion.

Revenues for the quarter ended Jan. 26 increased 5.7 percent to $173.4 billion, with a 23 percent gain in e-commerce sales and a 33 percent boost in the company's advertising business, an area that's being closely watched as a growth center.

Comparable sales in the Walmart U.S. business rose 4 percent with the company citing strength in grocery and health & wellness, which was offset by "softness in general merchandise."

General merchandise comps were down by low-single digits with softness in home, seasonal goods and toys that was attributed to deflation, or falling prices.

But there was an increase in the number of units sold in fashion, home and hardlines, pointing to market share gains in a tougher pricing environment.

Excluding the fuel business, the number of transactions logged by Walmart U.S. grew by 4.3 percent gain in transactions, while average ticket prices slipped 0.3 percent.

For the full year, Walmart's overall revenues gained 6 percent to $648.1 billion.

The retail giant expects to keep adding to that this year, albeit at a slower pace, with net sales this year pegged for an increase of 3 percent to 4 percent.

Source: sourcingjournal.com– Feb 20, 2024

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Chinese cotton prices rise after the holiday following the ICE cotton

During the Spring Festival holiday, the ICE cotton futures market saw a significant increase, with the Mar and May contracts up by about 800yuan/mt on Feb 16 compared with Feb 8, once the maximum increase reaching around 1,200yuan/mt (all the RMB price under 1% tariff). This was mainly due to the good progress of the 2023/24 U.S. cotton export sales, as well as the continuous upward adjustment of the U.S. cotton export expectations in the USDA balance sheet for January and February 2024.

The ending stocks of U.S. cotton for the 2023/24 season remained relatively tight, shoring up ICE cotton during the holiday based on these fundamentals. However, the performance of ICE forward contract was notably inferior to that of nearby contract. In mid-Feb, the USDA Agricultural Outlook Forum expected a 7.5% increase in U.S. cotton planting area for the 2024/25 season compared to the previous season, with a significant decrease in the abandonment rate.

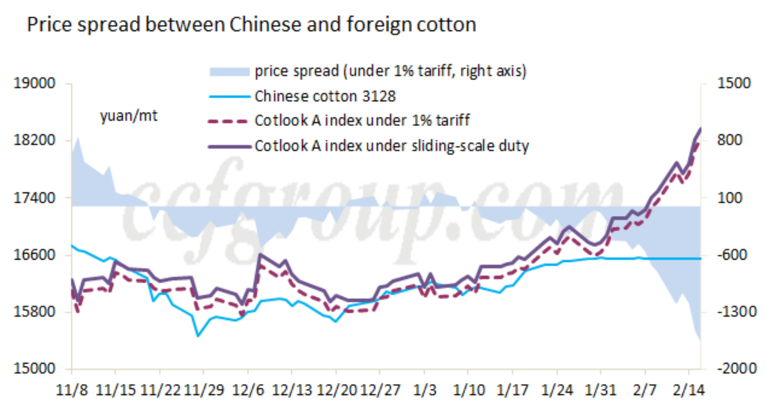
The expected increase in U.S. cotton production for the 2024/25 season was 28.7% compared to the previous season. The actual production for the 2024/25 season will still depend on the planting progress and weather conditions in the later stages, but currently, the pressure in the forward market is stronger than in the nearby market.

Following the surge in ICE nearby cotton contract during the Spring Festival, the price spread between Chinese and foreign cotton prices quickly widened. As of Feb 16, the price spread was around -1,688yuan/mt (Chinese cotton price minus international cotton price), an increase of approximately 1,142yuan/mt compared to Feb 7.

On the first working day after the Spring Festival (Feb 18), Chinese spot cotton prices have also risen, with an increase of around 425yuan/mt compared to before the holiday.

Transactions are mainly conducted at a fixed price, but overall trading volume is low, as many market participants are adopting a wait-and-see approach until the opening of the ZCE cotton futures market.

The current increase in spot cotton prices is in line with the expectations of many market participants for the first trading day after the holiday. Some market players expect that ZCE major cotton contract may rise to 16,300-16,500yuan/mt on the first trading day returning from the holiday.



There is a divergence of views on the future trend of ZCE cotton after reaching the expected levels. Some are gradually hedging around 16,500yuan/mt or higher on the CF05 contract, while others have hedging intention around 17,000yuan/mt. Some market participants believe that post-holiday downstream demand may not meet expectations, while others think that travel and home textile-related consumption remains strong, indicating good demand.

The current situation of downstream demand is difficult to confirm or refute, but with strong ICE market trends, low stocks of raw materials and product for downstream spinning mills, some large mills having orders until the end of Mar, and some new cotton being hedged before the holiday, the pressure on hedging is gradually easing, and there are fewer bearish factors in the domestic cotton market in the short term, leading to a potentially strong market performance.

The future trends will depend on the extent of profit recovery for spinning mills and foreign market demand. If spinners' profits deteriorate significantly again, or if high foreign cotton prices clearly impact foreign market demand, Chinese domestic cotton prices may reach a short-term peak, while the medium to long-term outlook will depend on actual end-user demand.

Source: ccfgroup.com– Feb 19, 2024

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Adverse global trends likely to impact Sri Lanka's growth forecast

The Monetary Policy Report – February 2024, issued by the Central Bank of Sri Lanka, highlighted significant risks to real economic growth projections in both the near and medium terms.

These risks stem from adverse global developments affecting export recovery, the outmigration of skilled labour leading to productivity loss, and structural obstacles hindering growth.

This is as per media reports, which underlined, despite a rapid disinflation process, current inflation levels remain close to the target.

However, projections suggest a deviation from the target due to amendments to the Value Added Tax (VAT), implemented in January 2024.

This deviation is expected to gradually retract towards the 5 per cent target by the end of 2024.

While this uptick in inflation is anticipated to be temporary, it poses no substantial threat to maintaining inflation at the targeted level over the medium term.

The report indicates that risks to near-term inflation projections are skewed towards the upside, primarily due to supply-side factors. Conversely, risks to medium-term inflation projections are deemed balanced.

Despite these challenges, the report maintains an expectation for economic growth to persist.

However, the extent of growth may be constrained by the risks and uncertainties as mentioned above.

Source: fibre2fashion.com– Feb 21, 2024

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Cambodia's CDC clears 22 investment projects worth $444 mn in Feb

The Council for the Development of Cambodia (CDC) cleared 22 projects with investments worth $444 million in the first fortnight of February.

The approval of the projects to operate the businesses across the country was announced yesterday by CDC and most of the budget is invested heavily

Most of the projects are related to the industry, agriculture, agro-industry and infrastructure in Phnom Penh, Svay Rieng, Preah Sihanouk and Kampong Spur provinces.

Projects in Phnom Penh include a garment factory in Pou Senchey district for manufacturing medical and PET apparel, and a travel bag factory.

Projects in coastal province Preah Sihanouk include one focused on producing sofa and furniture in Sihanoukville special economic zone, a domestic media outlet reported.

In Kampong Speu, projects include a unit in the Samraong Tong district to make bags and accessories.

The Takeo province will see two garment factories in the Bati and Samraong districts.

Other projects include a garment factory in Ta Khmau town in the Kandal province, construction of the Kampong Chhang Multipurpose Port and Logistics Centre in the Kampong Leng district, and a factory for clothing, glove, socks, hats and bags in the Jiangsu special economic zone.

Source: fibre2fashion.com– Feb 21, 2024

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Optimistic signs seen in exports of garment-textile sector

Enjoying a rise in orders, the garment and textile sector is optimistic about the completion of its target of earning US$44 billion in export revenue set for this year.

Currently, the majority of businesses in the industry reported that they have received orders for production until May.

The Garment 10 Corporation JSC said that along with orders until May, the firm is negotiating for orders for following months to fulfil the target of VNĐ4.5 trillion in revenue and VNĐ130 billion in profit for this year.

Meanwhile, General Director of the Vietnam National Textile and Garment Group (Vinatex) Cao Hữu Hiếu said that this year, his firm aims to earn VNĐ17.53 trillion in revenue, up 3% over 2023, with profit rising 10% to VNĐ415 billion.

This year, the world economy is projected to see slow growth with a GDP expansion of 2.9%, while total demand for garment and textile products is predicted to reach $714 billion, a slight rise over 2023 but still below that of 2022.

Chairman of the Board of Directors of Vinatex Lê Tiến Trường held that the market will continue to experience uncertainty depending on developments in major markets of the US, EU, China and Japan.

Chairman of the Vietnam Textile and Apparel Association (VITAS) Vũ Đức Giang asserted that the recent increase in orders showed that the garment and textile sector is recovering and the market is heating up.

In order to achieve its export target, from now until 2030, the industry will switch its strategy from fast development to sustainable development and circular business. In the 2031-2035 period, it will focus on effective and sustainable growth following the circular economy model, while completing the domestic value chain and holding a higher position in the global supply chain, he said.

Particularly, the sector will concentrate on science-technology and human resources development, and drive high-tech weaving-dyeing-finishing projects to industrial parks, while investing in the production of new and environmentally-friendly materials of natural origin, and boosting the fashion sector, said Giang.

He also underlined the need to continue to diversify markets, products and customers, and increase the application of automation technology in some production lines and speeding up delivery process to meet the increasing demand of the market and customers.

Source: vietnamnews.vn– Feb 21, 2024

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Vietnam's market to usher in new textile sourcing season at VIATT 2024

Despite emerging as the third-largest exporter in the world, Vietnam's garment and textile products still have ample opportunities to expand their global influence. In 2023, Vietnam's textile and garment products were exported to a record 104 countries and regions, while the export turnover is expected to rise 9.2% to reach USD 44 billion in 2024. To kick off this year's spring sourcing season, and help industry players penetrate the country's steadily expanding textile market, the inaugural Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies (VIATT) will take place from 28 February – 1 March 2024.

Across 15,000 sqm of exhibition space at the Saigon Exhibition and Convention Center (SECC) in Ho Chi Minh City, VIATT will feature over 400 exhibitors from 16 countries and regions. Leading suppliers from Bulgaria, China, Germany, Hong Kong, India, Indonesia, Italy, Japan, Korea, Pakistan, Switzerland, Taiwan, Thailand, the UK, the US and Vietnam will present their latest innovations and solutions. Addressing the entire textile value chain, products range from apparel fabrics, yarns and fibres, and garments, to home textiles, technical textiles and nonwovens, textile processing, and printing technology. Seeking to win new business in Vietnam's high-potential market, six country and region pavilions from China, Japan, Korea, Pakistan, Taiwan and Thailand will also display their cutting-edge technology and market trends. Highlighted exhibitors in each sector include:

Apparel fabrics, yarns & fibres, and garments

Idole Trading (China): Established in 2007 in Shenzhen, South China's textile hub, the company is a fabric manufacturer that focuses on self-developed eco fabrics, mostly for European, Japanese, Korean, and domestic markets.

Uni Textile (Japan): The company manufactures a wide variety of OEKO-TEX STANDARD 100 textiles, and several Global Recycle Standard (GRS) products. With about 35,000 items in stock, the company maintains a focus on a traceable, sustainable production system and products.

Over 280 other apparel-related suppliers can be found at the fair, including Toyoshima & Co (Japan), showcasing traceable organic cotton yarns and fabrics; Heng Li String and Braid (Hong Kong), featuring various webbings and trims for garments and sewn goods; Lai Tak Enterprises (Hong Kong), displaying a wide range of recycled polyester; and IDFL Vietnam (Vietnam/USA), an international testing and certification body for major textile standards such as GRS, RCS, GOTS, OCS, and RDS.

Home textiles

Hohmann (Germany): A leading full step manufacturer that produces high quality stock supported sheers and fabrics on roll-base. For over a century the company has developed a broad collection of high-quality products such as voile curtains, piece-dyed fabrics, coloured woven jacquards and furnishing fabrics.

Multi Glory USA Corporation (China/USA): Rooted in China for around 30 years, this vertically integrated manufacturer also owns manufacturing, operation and distribution facilities in the USA and Vietnam, providing global buyers with affordable, comfortable, high-quality bedding solutions.

Other prominent home textile suppliers include Kitsutaka Co (Japan), featuring tatami mats, Japanese paper lampshades and Japanese dining goods; Hanyang Eco Tex (Korea), showcasing customised roller blind fabrics; Sangwontex (Korea), displaying polyester blackout and dimout curtain fabrics; and Skwentex International Corp (Taiwan), featuring a variety of high-quality decorative films for interiors and automotive.

Technical textiles and nonwovens, textile processing, and printing technology

Groz Beckert (Germany): The company is the world’s leading provider of industrial machine needles, precision parts and fine tools, as well as systems and services for the production and joining of textile fabrics. Supporting knitting and warp knitting, weaving, felting, tufting, carding and sewing, its product portfolio includes around 2,500 sewing and shoe machine needles.

VEIT Group (Germany): Based in Landsberg, Germany, the Group is leading manufacturer of ironing equipment, fusing machines, pressing machines, and refinishing equipment for garments. For more than six decades, its products have demonstrated outstanding quality and maximum efficiency.

In addition to German companies, a range of other global suppliers are set to showcase their latest innovations, including Thermotech (Taiwan), presenting non-asbestos high-temperature-resistant materials; Technical Absorbents (United Kingdom), showcasing Super Absorbent Fibre (SAF), and its latest SAF fabrics and SAF spun yarns; Wuxi Zuoyou Knitting Goods(China), presenting various knitting circular machines; and Zhejiang Unifull Industrial Fibre (China), featuring polyester industrial yarn.

Beyond the show floor, through a wide range of events, VIATT is set to connect the textile sustainability, innovation, and fashion of key global players. The fringe programme, partly developed in accordance with "Texpertise Econogy", the new umbrella for sustainability activities at Messe Frankfurt's more than 50 textile trade shows worldwide, includes:

Fashion Show & Parade: Representatives from China, Hong Kong, Thailand and Vietnam will join hands to showcase their sustainable collections, such as XYX Materials Co., Ltd., THEi and Thai Industrial Hemp Trade Association (TiHTA).

Seminars: Over 14 seminars will take place, covering four categories: Design & Trends, Textile and Nonwoven Technologies, Sustainability, and Market Strategy.

Workshop: The two-day onsite workshop will provide fairgoers with a natural dyeing experience for silk scarves and scrunchies. Participants will also be able to learn how to upcycle their own clothing.

Click here for more details

Source: fibre2fashion.com– Feb 19, 2024

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Bangladesh Could See $500 Million From Online Marketplace, Says BGMEA President

Bangladesh's garment industry is poised to capture market share from the United States, EU and Africa. And Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan said that virtual marketplaces will be the key to that growth.

Hassan addressed stakeholders in the industry after BGMEA released the results of a study exploring the development of a virtual commerce platform for the textile and apparel sector in Bangladesh.

"We have well realized the significance of the virtual marketplace during the lockdowns during Covid-19," Hassan said.

According to BGMEA's study, Bangladesh has the potential to claim 0.2 percent of the U.S. market share, 0.1 percent of the EU an 0.75 percent of the African market share for textiles and apparel virtual markets by 2027, a gain of around $489 million. That would bring Bangladesh's garment industry to a combined total of approximately $308 billion.

"The report serves as an important reference for the industry in its journey forward to tap our potential in the virtual market," Hassan said. "I hope the policymakers and entrepreneurs will make the most use of it to get to the next step."

Hassan pointed to regulatory framework limitations in Bangladesh as roadblocks to capitalizing on the potential of virtual marketplaces. He said the country lacks global payment gateways and faces challenges such as financing issues, complex export processing and other policies that stand in the way of establishing a robust digital marketplace like those in other countries.

"The National Digital Commerce Policy of 2018 only governs the domestic market, and does not make any explicit policy framework addressing international e-commerce," Hassan said.

That policy states that foreign e-commerce ventures are not allowed to operate in Bangladesh without forming joint ventures with local companies. And according to the policy, any company operating an e-commerce marketplace in Bangladesh cannot have a more than 49 percent stake controlled by foreign investors.

Bangladesh is the second-largest apparel exporter after China, according to the World Trade Organization. Last year, the country exported $47.4 billion in total apparel, according to the Bangladesh Export Promotion Bureau. And the garment sector accounts for 83 percent of total export earnings in Bangladesh, according to the BGMEA.

The nation recently has battled with China to be the top exporter of readymade garments to the United Kingdom, sending more than 178 million kilograms (392 million pounds) of garments to the UK during January-October 2023.

Hassan said that additional studies on logistics, revenue and foreign exchange policies, branding and distribution may be necessary to establish a successful digital commerce platform. He added that for Bangladesh's garment industry to remain competitive in a rapidly changing marketplace, expanding the country's presence in e-commerce is essential.

"If we want to maintain our position in the global competition ahead, we need to develop a comprehensive business model," he said.

Source: sourcingjournal.com– Feb 21, 2024

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Bangladesh diversifies; eyes growth in Asian markets: Reports

Historically reliant on Western markets, particularly the US and Europe, Bangladesh is now seeking growth in Asian markets, challenging giants like India and China, underlined media reports while adding this strategic pivot aligns with these countries' industrial reorientations towards technology, offering Bangladesh a platform to lead in garment manufacturing.

Speaking to media, Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), underscored the importance of diversifying into burgeoning Asian markets like India, China, Japan, and Australia even as he underscored while traditional markets are still vital, accessing Asian markets promises substantial growth and reduces dependency on the West.

Despite steady global demand for apparel, challenges such as supply constraints and infrastructural issues persist, requiring attention to sustain growth, nevertheless.

Meanwhile, recent OTEXA statistics revealed the sector's growth alongside vulnerability to fluctuations, which calls for strategic planning and resource management to ensure sustainable growth.

Source: fibre2fashion.com– Feb 21, 2024

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NATIONAL NEWS

India, Greece to sign mobility pact soon, double trade by 2030: Modi

India and Greece will soon sign a mobility and migration partnership agreement to ease skilled migration between the two countries and aim to double bilateral trade by 2030, said Prime Minister Narendra Modi.

The Indian PM and his Greek counterpart, Kyriakos Mitsotakis, in their bilateral meeting in New Delhi on Wednesday, discussed strengthening of cooperation in multiple areas. including defence, security, education, start-ups, shipping, trade, investment, agriculture and tourism.

Modi said that the visit of the Greek PM to India after 16 years was a historic occasion. “It’s a matter of happiness that we are heading towards doubling the bilateral trade by 2030,” he said in a press statement following his meeting with Mitsotakis.

India-Greece bilateral trade in 2022-23 was about $2 billion, with India’s exports at $785.72 million and imports at $1.16 billion, per government data.

Noting Nothing that he was visiting India for the first time in his official capacity, Mitsotakis said the two leaders were continuing to build on the positive momentum in bilateral relationship.

“The joint declaration that we signed in Athens a few months ago and which upgraded our relationship to a strategic level is already being put into practice.

And as the Prime Minister said, we are making significant progress towards deepening the strategic cooperation in all spheres–security and defence, investment and trade, science and technology, cyberspace, education, culture, tourism, agriculture,” he said.

On the mobility pact, Modi said it will boost people-to-people ties that have been historically robust. “To make skilled migration between the two countries easier, we have decided to strike a Migration and Mobility Partnership Agreement soon,” he said.

Mobility pact

Mitsotakis, too, was upbeat about the mobility pact, and expressed hope that it would be signed soon. “It will constitute a very important step towards strengthening our cooperation in issues such as illegal migration, fighting human trafficking, but also offering young Indians an opportunity to come and work in Greece and benefit from the growth of our economy…,” he said in his statement.

The Indian PM welcomed Greece’s joining of the Indo-Pacific Oceans Initiative and said that the countries were in agreement on all disputes and tensions being resolved through dialogue and diplomacy.

Source: thehindubusinessline.com– Feb 21, 2024

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India-EU FTA must be fair, equitable and balanced: Goyal at CII event

Union Minister of Commerce and Industry, Piyush Goyal, said that the Free Trade Agreement (FTA) between India and the European Union has to be fair, equitable and balanced.

He was speaking at the Special Plenary Session of the second CII India Europe Business and Sustainability Conclave, held by the Confederation of Indian Industry (CII) in the national capital on Wednesday, informed an official press release.

"We believe that Free Trade Agreements or bilateral agreements have to be fair, equitable and balanced. Countries across the globe need to recognise that India as a rapidly growing country, is poised to become a USD 35 trillion economy by 2047," Goyal said at the event.

He also spoke about the past year of India's G20 presidency as a successful year including the launch of both the Global Biofuel Alliance and the India Middle-East Economic Corridor (IMEC), both of which will ensure growth and development across the globe, through transparent and fair trading systems.

Focusing on inclusivity and gender equality, Goyal said, "The nation is working towards not only the growth of women but also towards women-led development. As we collectively work towards expanding our international relations, we believe India with strong macroeconomic fundamentals and a large aspirational pool of young talent will continue to expand rapidly."

"Today we have a new sense of enthusiasm to manufacture in India, to design and innovate in India, to become a hub of economic activity for other parts of the world. We are for an India with a conducive business climate where we focus on ease of doing business, reducing compliances, and working in partnership with businesses across the world with a very strong and robust regulatory mechanism in place," he added.

The minister further elaborated on the plethora of opportunities in the various sectors across India.

'Be it modern technology, sustainability, RE, or circular economy, India is unlocking new frontiers and expanding its footprint across the globe," he said.

Goyal specifically mentioned the pharmaceutical sector, stating that India can go on to become the 'Pharmacy of the World' in a much bigger way by providing affordable medicines to the rest of the world.

Notably, the negotiations for an FTA between the EU and India were relaunched in 2022, marking a significant step in trade relations.

The Free Trade Agreement aims to eliminate trade barriers between participating countries, facilitate smoother import and export processes, and foster stronger trade relations.

The talks began in 2007 but were frozen in 2013. The decision to resume negotiations in 2021 reflects the shared commitment to deepen economic ties and promote free and hassle-free trade between the two major partners, the leaders noted.

The negotiations encompass a wide range of areas, including sustainability, labour standards, and environmental considerations, to ensure that trade benefits both parties without adverse impacts on the environment or labour rights.

The seventh round of talks between India and the EU delegation is underway.

Source: business-standard.com– Feb 22, 2024

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Indian team of senior officials in London to push India-UK FTA talks

India's negotiating team for the proposed India-UK Free Trade Agreement (FTA), led by Commerce Secretary Sunil Barthwal, will be in London this week to try and narrow differences on key issues in an attempt to seal the deal before the country's general elections, sources have said.

"Senior officials from the Commerce Ministry, including the Commerce Secretary, have left for London to take forward talks on the handful of issues where consensus has been elusive," a source told businessline.

Of the 26 chapters in the proposed negotiations, most of the chapters have been fully, or majorly, tied up, with just a few issues proving to be tricky.

Although India may have agreed to steep import duty cuts for items such as Scotch and automobiles, there are indications that the UK wants more market access. It also wants more access in legal services and financial services.

New Delhi, too, is insisting on tangible "commercial gains" from the pact. Its demand for a more liberal non-immigrant visa regime for workers and a social security pact have not been satisfactorily met yet, sources said.

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 senior officials in the Prime Minister's Office, looking for possible breakthrough.

The PMO held a meeting last week to review the progress in talks and discuss the way ahead.

India and the UK launched the talks for a free-trade agreement (FTA) in January 2022. The 14th round of talks began last month and are continuing. The two countries are optimistic about bilateral trade doubling to $100 billion by 2030 if the FTA is implemented soon.

Source: thehindubusinessline.com– Feb 20, 2024

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Legal scrubbing of India-Oman FTA underway

The proposed India-Oman free trade agreement (FTA) that could boost Indian exports into the West Asia region is likely to be announced soon as pending issues have been settled and a legal scrubbing of the deal is underway, a person aware of the development told The Indian Express.

While Oman is looking to diversify its economy by reducing its dependence on the oil and gas sector, India is looking for greater market access into diverse markets for its pharmaceuticals and textiles to technology and agricultural products. Currently, India relies on only half a dozen countries opening it up to external shocks.

"The India-Oman FTA should be announced soon as most of the issues have been settled and the deal is undergoing legal scrubbing. Once that is done, the leadership will take a decision on its announcement. The commerce ministry intends to sign the pact before the general

This would potentially be India's second FTA with a West Asian country after signing a trade deal with the UAE. India also furthered its economic integration with UAE by completing a Bilateral Investment Treaty (BIT) with UAE earlier this month.

Global Trade Research Initiative (GTRI) said that the India-Oman CEPA, while offering direct economic benefits through import duty reductions, also serves a larger strategic role in India's foreign policy.

"While acknowledging the limitations set by Oman's smaller economic size and population, the agreement's true value lies in its potential to open doors for India in the West Asea, fostering economic and strategic ties in a region of critical importance," GTRI said.

In FY23, India's merchandise exports to Oman were valued at $4.5 billion. India supplies 6.6 per cent of Oman's imports. Petroleum products with $ 2.2 billion account for 49 per cent of India's exports. Motor Gasoline or petrol with $1.7 billion is the largest petroleum product.

Over 83.5 per cent of India's goods exports, valued at $3.7 billion, currently face a 5 per cent import duty in Oman. With the new Free Trade Agreement (FTA), these products, including major exports like motor gasoline, Iron, Steel and products, Electronics, Machinery, Aluminum oxide and Textiles will benefit from duty elimination, GTRI said.

However, about 16.5 per cent of Indian exports to Oman, worth $800 million and already entering duty-free, will not see additional benefits from the FTA. These include wheat, Basmati rice, Fruits, vegetables, medicines, fish, tea, coffee.

Source: indianexpress.com– Feb 22, 2024

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Crucial need to make exports more attractive: Indian finance ministry

There is a crucial need to make India's exports more attractive amid continued uncertainty in global growth and trade conditions, with headwinds from geopolitical tensions and supply-chain disruptions and higher logistics costs posing downside risks to growth, the country's finance ministry said in a recent report.

Highlighting the need to work on an export strategy, the ministry said the broader economic outlook, however, 'appears bright'.

The manufacturing purchasing managers' index's employment sub-index suggests the generation of more employment opportunities in the manufacturing sector supported by an increase in export orders, rising domestic production and expansion in international sales, the report said.

"Given persisting uncertainties for global output and trade growth, finding ways to enhance the competitiveness and attractiveness of India's exports is both urgent and important," the ministry's Monthly Economic Review for January said.

The country's merchandise exports in January increased by a mere 3.1 per cent year on year (YoY) to $36.92 billion, latest trade statistics show. These were down by 4.9 per cent YoY at $353.92 billion between April 2023 and January 2024, while imports during the period were lower by 6.7 per cent at $561.12 billion.

"Downside risks to trade include a spike in new commodity prices from geopolitical shocks, including continued attacks in the Red Sea and supply disruptions or more persistent underlying inflation in the developed world, which could extend tight monetary conditions. This could impact the expected recovery in global demand, thereby affecting the prospects for India's exports," the ministry said.

"Prospects of healthy Rabi harvesting, sustained manufacturing profitability, and underlying service resilience are expected to support economic activity in FY25," it said.

The ministry is hopeful of household consumption rising, business sentiment improving, the government continuing to focus on capex, and banks and firms witnessing healthy balance sheets. The response from the supply side has been broad-based, it noted.

Retail inflation declined to a three-month low of 5.1 per cent in January due to both food and core components. Core inflation continued to decline for the eighth consecutive month, from 5.2 per cent in May last year to 3.5 per cent in January. The outlook for a reasonably low headline inflation rate is good, it added.

Source: fibre2fashion.com– Feb 21, 2024

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Indian textile industry welcomes removal of import duty on ELS cotton

The Indian textile industry has not only welcomed the move to remove import duty on extra-long staple (ELS) cotton but also expects that the government will soon realise the need to scrap the duty on other varieties of cotton. Following the decision, cotton prices eased by ₹600 per candy of 356 kg in the Gujarat market due to immediate pressure on market sentiments. However, prices recovered to some extent on Wednesday.

The central government has removed the import duty on ELS cotton. The country is heavily dependent on imports of ELS cotton. Currently, around 11 per cent import duty is applicable to the raw material used for fine counts of cotton yarn.

Sanjay Jain, managing director of TT Industry and former chairman of the Confederation of Indian Textile Industries (CITI), told Fibre2Fashion, "It is a welcome step. We hope that the import duty on other varieties of cotton will be reviewed sooner or later. The government has to maintain a balance between the competitiveness of the industry and farmer's protection through MSP."

He said that India is a net importer of ELS cotton as the country does not grow enough of it to meet the requirements. The import duty had made Indian value-added products made from yarn of 60/1 and above costlier. There was no benefit for the farmers. The government has corrected an aberration.

Bharat Shah, a power loom owner from Ichalkaranji, Maharashtra, told F2F, "The removal of import duty can provide some relief in the textile value chain of high-end fabric. The production cost may ease slightly for fine quality fabric and garments." He said that the psychological impact can be seen on the market sentiments of cotton only for a few days. Overall market dynamics will not change due to the government's decision.

A leading cotton yarn trader from Delhi said that there is very little consumption of ELS cotton out of the total cotton requirement. Therefore, the decision will have a very limited impact. It cannot substitute Shankar-6 cotton of Gujarat because ELS cotton is very expensive.

Trade sources said that cotton prices had eased up to ₹600 per candy on Tuesday in the Gujarat market after the news came out. The sentiment weakened due to the wait-and-watch mode of cotton buyers. However, the prices recovered by ₹200 per candy on Wednesday.

Source: fibre2fashion.com– Feb 21, 2024

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India must focus on exports to achieve 10 pc economic growth: Arvind Panagariya

India must focus on exports to achieve 10 per cent economic growth, Arvind Panagariya, Chairman of the 16th Finance Commission, has said. Panagariya also said that the temptation of import-substituting industrial policy is not unique to India.

"I have looked at successful countries such as...Singapore, Taiwan, South Korea, China, and India - these are the...high-growth examples.

"My conclusion is very clear - countries that have been open are the ones that have grown rapidly," he said in an interaction with 'Foundation For Economic Development'.

He added that the intellectual support for industrial policy and import substitution remains strong in India.

Panagariya also explained how the global export market was worth USD 32 trillion in 2022, almost ten times India's GDP.

He pointed out that China acquired a very large share of certain products which gave the country a huge boost.

"For 3-4 decades, it grew at 10 per cent a year," the economist said.

Source: economictimes.com– Feb 21, 2024

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India at Crossroads: Seizing the cotton boom or facing a bubble burst?

With cotton prices soaring to unprecedented heights globally, India stands at a pivotal juncture. The surge in international markets presents an opportunity for export growth, yet it also poses significant risks to the domestic textile industry's sustainability. This conundrum creates a complex landscape for India, with potential benefits and pitfalls for both its farmers and textile manufacturers.

Global cotton price surge: India's competitive edge

Cotton prices have skyrocketed by over 15 per cent this year, hitting record highs in international markets. Various factors contribute to this surge, including reduced production in key cotton-producing countries like Australia, coupled with an increase in demand that outpaces supply. Additionally, speculative buying by hedge funds exacerbates the inflationary pressure on prices.

Despite these global dynamics, Indian cotton remains the most competitively priced in the world. This places India in a prime position to capitalize on the export potential, potentially doubling cotton exports to over 25 lakh bales. Such a surge in export demand promises higher returns for Indian cotton farmers, thereby boosting their incomes.

Challenges in the domestic market

However, the unprecedented rise in cotton prices presents challenges for domestic textile manufacturers. These companies struggle to absorb the increased costs and may find it difficult to pass them on to consumers without compromising their competitiveness.

Moreover, India's recent decision to remove import duties on cotton further complicates the supply-demand dynamics in the global market.

Furthermore, while experts anticipate continued strength in cotton prices in the near future, there looms the ominous risk of a bubble burst. If the current global price rally proves unsustainable and prices plummet, Indian exports could suffer a severe blow, jeopardizing the gains made in the short term.

Sustainability concerns and long-term stability

Amidst export opportunities, sustainability concerns cast a shadow over India's cotton industry. Increased exports could deplete India's domestic cotton reserves, raising questions about the industry's long-term viability. Sustainable practices are imperative to safeguard the interests of both farmers and the textile industry, ensuring their resilience in the face of future uncertainties.

Navigating the Cotton Market: A delicate balance

The current scenario presents India with a unique opportunity to capitalize on the global cotton boom. However, prudent navigation is essential to maximize the benefits while mitigating the risks. Balancing export potential with domestic challenges, such as rising costs for textile manufacturers, and prioritizing long-term sustainability will be critical for India to harness the full potential of this volatile market.

In conclusion, India's cotton industry stands at a crossroads, poised between unprecedented export opportunities and looming risks of market instability. By adopting a strategic approach that prioritizes sustainability and long-term stability, India can emerge stronger and more resilient in the global cotton market.

Source: fashionatingworld.com– Feb 21, 2024

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Indian cotton consumption up 19% till Jan-end on higher demand, arrivals, says CAI

Cotton consumption has picked up on higher market arrivals and increase in demand from textile mills. In the first four months of the cotton season 2023-24 starting October, consumption till January end was estimated at 110 lakh bales of 170 kg each, up by around 19 per cent over 92.50 lakh bales a year ago.

In the October-December quarter, the consumption was 81 lakh bales compared with 65 lakh bales a year ago, an increase of almost 20 per cent. “In the first quarter last year, mills were losing money. This year they are making small profits and so are running at full speed,” Atul S Ganatra, President, Cotton Association of India (CAI) told businessline.

In North and Central India, mills are running at 100 per cent capacity, while in the South the capacity utilisation is around 75 per cent. The total average running capacity of Indian mills is around 90 per cent this year, Ganatra said.

Retains pressing estimate

CAI has retained the pressing estimate for 2023-24 season starting October at 294.10 lakh bales of 170 kgs each. Total cotton supply till end of January 2024 is estimated at 210.05 lakh bales.

Market arrivals in the current season till January-end stood at 177.15 lakh bales compared with 115.70 lakh bales a year ago, according to CAI. Imports during this period were lower at 4.00 lakh bales against 5.8 lakh bales. The opening stock has been estimated by CAI at 28.90 lakh bales.

Exports till January-end are estimated to be 9 lakh bales, double that of 4 lakh bales a year ago.
Supply same as last season

Stocks at January end are estimated at 91.05 lakh bales of 170 kg each. This includes 41 lakh bales with textile mills, equivalent to about 48 days consumption and the remaining 50.05 lakh bales with Cotton Corporation of India, Maharashtra Federation and others (MNCs, traders, ginners, etc), CAI said

The association has retained its total cotton supply till end of the cotton season 2023-24 at the same level as estimated previously at 345 lakh bales. This includes opening stocks of 28.90 lakh bales, pressing numbers estimated at 294.1 lakh bales and imports for the season at 22 lakh bales. Cotton imports are expected to be higher by 9.5 lakh bales compared with 12.5 lakh bales a year ago.

For the 2023-24 season, CAI sees domestic consumption at 311 lakh bales, unchanged from last year. Exports for the 2023-24 season are pegged at 14 lakh bales against 15.50 lakh bales and the closing stocks at the end of September 2024 are estimated to be 20 lakh bales against 28.9 lakh bales the previous season.

Source: thehindubusinessline.com– Feb 21, 2024

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Welspun to invest in Odisha, to build textile complex

Welspun, a prominent player in the textile sector in Gujarat, having its textile manufacturing facilities in Vapi and Anjar in Kutch, announced its first major expansion out of the state in Odisha.

Welspun has chosen to invest Rs 3,050 crore in Choudwar, Odisha, to build an integrated textile manufacturing and warehousing complex. The Odisha government has applauded this decision, which represents a major change in Welspun's investment plan and suggests that textile giants may move from Gujarat to states with more hospitable business climates.

Chief Minister Naveen Patnaik laid the foundation stone for Welspun's ambitious project, demonstrating Odisha's proactive approach to luring textile investments. Insiders in the business disclose that this is Welspun's first significant entry into the textile industry outside of Gujarat, underscoring the changing nature of the Indian textile industry.

Source: apparelresources.com– Feb 21, 2024

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