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INTERNATIONAL NEWS

No Recession Seen, But U.S. Forecast Not Buoyant

What? No recession in 2024?

According to the Conference Board Leading Economic Index (LEI), that appears to be the direction the U.S. economy is headed, despite a decline in January. The Conference Board concluded that since six out of 10 components contributed positively last month, a recession is unlikely.

The LEI fell by 0.4 percent last month to 102.7, following a 0.2 percent slip in December 2023. Over a six-month period between July 2023 and January 2024, the LEI contracted by 3 percent, representing a smaller decrease than the 4.1 percent decline over the prior six months. The LEI provides an early indication of different turns in the business cycle, and can indicate where the economy is headed in the near term.

"While the declining LEI continues to signal headwinds to economic activity, for the first time in the past two years, six out of its 10 components were positive contributors over the past six-month period (ending in January 2024)," Justyna Zabinska-La Monica, the Conference Board's senior manager for business cycle indicators, said. "As a result, the leading index currently does not signal recession ahead. While no longer forecasting a recession in 2024, we do expect real GDP growth to slow to near zero percent over Q2 and Q3."

"The economy may not be headed for imminent recession, but it is losing momentum," economists at Wells Fargo—Tim Quinlan and Nicole Cervi—concluded in a research note.

January's decline marked 23 months of a recession warning that hasn't materialized, and they think the data shows economic activity is just "plodding forward into 2024 after sprinting for the better part of 2023."

They noted that retail sales and manufacturing production were weaker than expected in January, while inflation was stronger than expected.

"The combination of slowing output and persistent price growth adds credence to a 'higher for longer' interest rate environment," they concluded.

Meanwhile, consumer discretionary spending has provided resilience to the U.S. economy. R.J. Hottovy, head of analytical research at Placer.ai, said in a Coresight Research webinar on Tuesday that 2023 spending trends has shown a "different story" than the conversations a year ago about a recession and consumers focusing on value, trading down, and trading out.

He noted that visitation trends centered on events, such as Valentine's Day and Mother's Day. That was the same during the holidays where apparel shopping centered around big events, such as Black Friday.

"I think we underestimated that people still were willing to spend around these events," Hottovy said, adding that there was a focus on value that continued throughout the year. He said that event shopping has become a bigger piece of the shopping pie. It's a pattern that he thinks is "going to continue in 2024." But for how long remains the question.

"Do we still have enough discretionary spending? Is there enough disposable income to really drive and keep us out of a recession? That's the big unknown at this point," Hottovy said.

Hottovy observed that traffic patterns tend to be deal-driven, and that consumers are looking beyond the overall discount to the per-unit cost of an item for packaged goods. That has lower-income consumers trading down from Walmart and Target to the dollar stores and other retailers. And he said that migration patterns indicate where population growths are centered, such as areas like Arizona, Texas, central Florida and the Carolinas. Keeping track of migration could be a resource on where retail growth areas.

He also said developers are changing the tenant mix at shopping malls, adding more residential units and other commercial businesses so the mall becomes more mixed use than just retail space. Two examples were in Cary, N.C. and Phoenix, Ariz., where visitation frequency is a "lot higher" than nearby properties.

"Shopping malls and kind of the way we interact with them is completely changed," he said, adding that early adopters to the new trend could see benefits down the road. He explained that the new mixed use centers created with a brand strategy focused on events or some community are the ones that have seen the most success.

Separately, Deloitte conducted a ConsumerSignals study that found 7 out of 10 Americans are still concerned about rising prices for everyday purchases, down only slightly from Summer 2022 when inflation peaked at 9.1 percent. The peek into consumers' financial well-being and spending intentions indicate that they haven't yet fully recovered to pre-inflation levels. That suggests "stagnating financial well-being," the financial services and advisory firm said.

Financial well-being sentiment has plateaued in the U.S. since early 2023, impacted by persisting inflation, Deloitte said. The firm also noted that credit card debt is on the rise in the U.S., and remains a metric to watch. Currently, the number of Americans concerned about their credit card debt hit 3 in 10 at the end of 2023, up from 2 in 10 a year ago.

"Despite low unemployment, GDP growth, and solid retail sales numbers, financial and geopolitical anxiety weigh heavily on the U.S. consumer's psyche," Stephen Rogers, Deloitte Services' managing director at the Deloitte Consumer Industry Center, said. Because consumers indicate an intention to pull back on nondiscretionary items, Rogers said business leaders must adapt and "adjust their strategies to rekindle proftability, loyalty and volumes."

Source: fibre2fashion.com– Feb 22, 2024

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UK witnesses record monthly budget surplus in Jan

UK public sector net borrowing excluding public sector banks (borrowing) in January this year was in surplus by £16.7 billion, more than double the surplus of £7.5 billion in the same month last year and the largest surplus since monthly records started in 1993 in nominal terms, according to the Official of National Statistics (ONS).

Combined self-assessed income and capital gains tax receipts were worth £33 billion, £1.8 billion less than a year earlier. Finance minister Jeremy Hunt will present his annual budget on March 6.

Borrowing in the fiscal year-to-January 2024 was £96.6 billion, £3.1 billion less than in the same ten-month period a year ago. This is the first time in the present fiscal that year-to-date borrowing has been lower than in the equivalent period in the last fiscal, partly because central government receipts have been revised.

Public sector net debt excluding public sector banks (debt) was £2,646.5 billion at the end of January this year and was provisionally estimated at around 96.5 per cent of the UK's annual gross domestic product (GDP). This is 1.8 percentage points higher than in January 2023 and remains at levels last seen in the early 1960s.

Excluding the Bank of England, debt was £2,417.6 billion, or around 88.1 per cent of the GDP, £228.9 billion (or 8.4 percentage points) lower than the wider measure. Public sector net worth excluding public sector banks was in deficit by £677.5 billion at the end of January 2024; this compares with a £576.5 billion deficit at the end of January 2023. “The Chancellor [Hunt] bags a record budget surplus in January as he eyes more fiscal easing” said Michal Stelmach, senior economist at KPMG UK.

“The latest set of data suggests that borrowing could end 2023-24 at £114 billion. We expect the OBR [Office of Budget Responsibility] to upgrade its fiscal outlook on the back of a weaker expected path for interest rates, lower spending on inflation-linked debt, as well as a possible upward revision to their net migration assumptions, which are net positive for the public finances. This could increase the headroom to meet the fiscal mandate to £21 billion, up from £13 billion at the Autumn Statement,” he added.

Source: fibre2fashion.com– Feb 22, 2024

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Cotton to Cotton Candy? Almost! These are New Things Cotton Can Do

When thinking about cotton products, it makes sense that the first thoughts turn toward apparel—the denim jeans, the dress shirts, the tees, etc.—especially if you're in the fashion industry. But interesting innovations are giving new uses to this traditional fiber, both as new products and an end-of-life usage. Bonus: These initiatives are great for apparel makers looking to improve the sustainability aspect of both their brand and their offerings.

Eco-consciousness comes into sharp relief when one considers the average U.S. consumer throws away about 82 pounds of clothes every year, which adds up to 11.3 million tons of textile waste in landfills, according to Earth.org. On top of that, 62 percent of all fibers used in fashion are made from petroleum-based textiles like polyester, nylon and acrylic. These synthetic fibers can take hundreds of years to decompose and release microplastic pollution into the ground, air and water supplies while they sit in the landfills. Not only that, reports have shown as clothing degrades in landfills, it releases the greenhouse gas methane, which is 28 times more powerful than carbon dioxide.

But clothing isn't the only wardrobe item hitting the garbage dumps. Americans are also throwing away at least 300 million pairs of shoes each year, parts of which reportedly can last up to 1,000 years in a landfill.

Enter a natural solution to some of these issues. First, the shoe situation. Cotton Incorporated researchers have developed a 100 percent cotton 3D shoe upper prototype using Shima Seiki and Stoll flat knitting machines. The idea is that the fully fashioned knitting machines will ensure minimal to zero yarn and fabric waste. The resulting shoe upper is also washable. Added features such as eyelets, loopholes and tongues can also be added without compromising the integrity of the knitted upper.

"The uppers represent an important step on the path to more environmentally friendly shoes, without sacrificing quality or performance," states Cotton Incorporated. "The cotton shoe uppers easily support customized embellishment such as digital printing and dyeing, as well as attached stitched logos with the same wearability and durability as a synthetic upper. It's an innovative way to bring this feel-good fiber to footwear."

Performance technologies such as TOUGH COTTON™ and STORM COTTON™ technology could also be applied to the shoe uppers to make them both waterproof and more durable.

As it stands, nearly 8 in 10 consumers (77 percent) say clothing made primarily from cotton is their favorite to wear, according to the 2023 Cotton Incorporated Lifestyle Monitor™ Survey. Additionally, 81 percent say cotton is the most sustainable. It stands to reason consumers would appreciate less waste, as well, when manufacturers use their favorite fiber to produce both apparel and footwear.

Such innovation would likely be welcomed by those designers already using cotton in their footwear. Take, for example Christian Cowan, whose Fall/Winter 2024 show during New York Fashion Week included a collaboration with footwear maker Toms. The capsule collection contained the classic Alpargata slip-on, the white pair of which is made with recycled cotton uppers lining and sock liner. The sensible style was made new with a giant blossoming peony.

"The flamboyance of the blossoming peony juxtaposed with raw and durable fabrics is so fresh," Cowan states. "I love how these designs merge the magic of our runways with the ease of wearable and comfortable design. These are those shoes that you get and wear every single day, and forget about all your other shoes."

Reducing waste in production goes beyond footwear, though. Cotton Incorporated's textile experts have also been working on knit-to-shape technology that is specific to cotton textiles and can create different "zones" within a single garment, body-mapped to match the wearer's needs. Cotton Incorporated's knit-to-shape grouping includes three body-mapped athleisure tanks. One design uses TransDRY® technology for moisture management. This particular knit-to-shape method decreases the volume of cutting waste and dead stock.

These innovations all work for making new products with natural cotton. But one new project is giving yet another sustainable twist to the end-of-life of a garment. Research is underway that can turn worn garments into glucose—or sugar. While the idea of turning a cotton shirt into cotton candy sounds amazing, this isn't actually how the process works.

Cotton Incorporated teamed with North Carolina State University (NCSU) to develop environmentally and economically feasible ways to turn discarded cotton textiles into glucose. Sure, glucose is used in sweets, but it is also the main raw material used to produce ethanol, which is a biofuel. Glucose can also be used to produce value-added chemicals such as levulinic acid, succinic acid, and lactic acid. Lactic acid is used in the cosmetics industry to manufacture hygiene and esthetic products as it has moisturizing, antimicrobial and rejuvenating effects on the skin. In the food industry, it's used in the production of yogurts and cheese.

Traditionally, many of these chemicals are actually produced from petroleum. But making them from discarded cotton textiles could directly decrease greenhouse gas emissions.

The process uses enzymatic hydrolysis, where enzymes turn the cellulose in cotton into more basic molecules—like glucose. This process also helps deal with the complexities associated with textile waste, such as blends of natural fibers with synthetics. See, the efficient conversion of cotton textiles into glucose could allow the downstream separation and recycling of other synthetic and non-biodegradable fibers.

This kind of circularity in fashion is important to the majority of consumers (63 percent), according to the 2023 Cotton Incorporated Consumer Circularity Survey. In order to achieve better circularity, most consumers (75 percent) would like to see fashion companies use more cotton in their apparel.

Matt Farrell, textile chemistry research manager at Cotton Incorporated, points out that this conversion initiative represents an alternative to repurposing, recycling or disposing of worn garments.

"This exciting research presents a new opportunity to create new things from cotton textile waste."

The Cotton Incorporated Lifestyle Monitor™ Survey is an ongoing research program that measures consumer attitudes and behaviors relating to apparel, shopping, fashion, sustainability, and more.

Source: sourcingjournal.com– Feb 22, 2024

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US cotton acreage to sink by 3.7% in 2024 on dampened demand

In its 2024 cotton industry economic outlook, the NCC said weak demand has translated to pressures throughout the supply chain.

Significant uncertainty in the global economy has hampered an anticipated rapid recovery in cotton demand.

In her analysis of the NCC Annual Planting Intentions survey results, Dr. Jody Campiche, the NCC's vice president, Economics & Policy Analysis, said the NCC projects 2024 US cotton acreage to be 9.8m acres, 3.7% less than 2023. Growers are facing difficult planting decisions as current prices fall short of production costs for many producers.

As compared to average futures prices during the first quarter of 2023, all commodity prices were lower during the survey period, but cotton had the smallest decline. As a result, the price ratios of cotton to corn and soybeans were higher than in 2023. Based on historical price relationships, this would generally suggest an increase in cotton acreage. However, the 2024 crop year could go against that relationship due to high production costs relative to current prices.

Between the survey period and mid-February, cotton prices have increased, while corn and soybean prices have both declined increasing the cotton-to-corn and cotton-to-soybean price ratios. The recent improvement in the price ratios could result in final cotton acreage higher than reported in the NCC survey.

Source: just-style.com– Feb 21, 2024

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Cambodia & Canada strengthen trade ties with MoU signing

In a significant development for Cambodia-Canada relations, the secretary of state of the ministry of foreign affairs and international cooperation of Cambodia, Chum Sounry, held a productive meeting with Alan Bowman, the director-general for southeast asia and oceania of the department of foreign affairs, trade and development of Canada. The discussions culminated in the signing of a memorandum of understanding (MoU) on the establishment of bilateral consultations between the two foreign ministries.

This meeting, part of Bowman's working visit to Cambodia from February 19 to 21, 2024, focused on enhancing relations and cooperation within both bilateral and multilateral frameworks, Cambodia's ministry of foreign affairs said in a press release.

This MoU marks a significant milestone in the bilateral relations between Cambodia and Canada, setting the stage for deeper cooperation. Both parties discussed the agenda and agreed on a mutually convenient date for the inaugural session of the bilateral consultations, slated to take place within the year.

Chum Sounry expressed his satisfaction with the recent inauguration of the Canadian Consulate in Siem Reap on February 13. He is confident that this new development will further enhance trade and investment cooperation between the two nations.

On the ASEAN-Canada front, the secretary of state lauded Canada's elevation to a Strategic Partnership level with ASEAN. He pledged Cambodia's continued support to deepen ASEAN-Canada dialogue relations and emphasised the importance of concluding the ASEAN-Canada free trade agreement negotiations.

Following the discussions, Chum Sounry reassured the Canadian delegation of Cambodia's readiness to work closely with relevant ministries and institutions to implement the decisions reached during their meeting.

Notably, right after the talks, Chhouk Bunna, director-general of the general department of Europe, Americas, and Africa-Middle East, and Alan Bowman, signed the MoU, underscoring the commitment of both nations to elevate their diplomatic and cooperative efforts to new heights.

Source: fibre2fashion.com– Feb 22, 2024

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Network Sri Lanka urges corporate to 'Forward Faster' on SDGs

United Nations Global Compact Network Sri Lanka (Network Sri Lanka), the country network of the world's largest corporate sustainability initiative, recently issued a stirring call to action to corporate leaders nationwide.

Their message: 'commit to ambitious sustainability targets and propel Sri Lanka's advancement towards the Sustainable Development Goals (SDGs) through the innovative global initiative 'Forward Faster'.

Azusa Kubota, resident representative of UNDP Sri Lanka, underscored the collaborative effort between UNDP and the stakeholders to ensure their work fosters a healthier planet and populace.

She emphasised the alignment of investments with SDGs for socioeconomic recovery, highlighting the pivotal role of the private sector in effecting this change.

Marc-André Franche, United Nations resident coordinator in Sri Lanka, echoed this sentiment, stressing the crucial role of the private sector as champions of sustainability.

He welcomed deeper collaboration and reaffirmed the UN's commitment to partnering with businesses to envision pathways towards the SDGs.

The 'Forward Faster' initiative, part of the UN Global Compact, urges global business leaders to take concrete action in key areas including gender equality, climate action, living wage, water resilience, and finance and investment.

These areas are pivotal in accelerating progress across all SDGs, enabling collective impact by 2030.

At the 'Compass 2024' event themed 'Towards a Resilient Future Through Corporate Impact', Network Sri Lanka introduced the 'Forward Faster' initiative locally, aiming to spark private sector leadership in driving transformative change.

Distinguished speakers, including UN representatives, shared insights, while the 2021 SDG Pioneer for SDG 12 Responsible Production and Consumption from Sri Lanka presented their experiences.

Rathika de Silva, executive director of UN Global Compact Network Sri Lanka, unveiled the overarching plan for 2024.

This roadmap aims to assist participating companies in enhancing governance strategies, setting ambitious targets, and unlocking innovation opportunities.

Source: fibre2fashion.com– Feb 22, 2024

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European textile and apparel exports decelerated in 2023

The European Union experienced a 3% decline in apparel exports and a 4% decline in textile exports last year. This deceleration follows the growth witnessed in 2021 and 2022, yet the industry maintains levels surpassing those pre-pandemic.

According to the French Fashion Institute, the EU exported €37.3 billion worth of apparel last year, compared to €29 billion in 2019. Over the year, Europe saw a 4% increase in exports to Asia (€9.4 billion) and a 3% increase in exports to Mediterranean countries (€2.5 billion), propelled by Turkey (+30%).

However, orders dwindled for the EU's top three customers: Switzerland (-8%), the United Kingdom (-5%), and the United States (-8%). Notable declines were also recorded in Canadian (-9%) and Mexican (-40%) orders.

On the textile front, exports dipped by 4% to €27.1 billion over the year. For comparison, they had reached €23.8 billion in 2019. The EU's principal customers, the United Kingdom and the United States, witnessed declines of 7% and 8%, respectively. Only Asia maintained its order levels, thanks to growth from China (+9%) and India (+17%), as well as stability from Vietnam.

Imports below pre-Covid levels

In 2022, apparel imports surged by 36%, and textile imports by 16%. As inflation dampened European consumption in 2023, apparel and textile imports declined by 16% and 20%, respectively.

The EU imported €83.2 billion worth of apparel last year, compared to €87.9 billion in 2019. While Asia, representing €60.2 billion in imports, declined by 20%, the Mediterranean region contracted by 11%. The top three suppliers, China (-22%), Bangladesh (-21%), and Turkey (-13%), experienced declines, followed by India (-13%), Vietnam (-15%), Cambodia (-13%), and Pakistan (-18%). Click here for more details

Source: us.fashionnetwork.com– Feb 22, 2024

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ASEAN consumer spending expected to slow in 2024: S&P Global

The rapid growth in consumer spending that characterised 2023 across the Association of Southeast Asian Nations (ASEAN) is expected to moderate in 2024, with S&P Global attributing the slowdown to softer confidence, tightening monetary policies, and emerging pressures such as lower income growth. Despite these challenges, the region is poised to retain its status as the world's fastest-expanding consumer market due to its robust underlying growth momentum.

A weakening in consumer confidence across the Association of Southeast Asian Nations (ASEAN) member states in the coming months is projected. Factors such as tight monetary policy, a decelerating global economy, and declining income growth are expected to impact the six largest ASEAN markets: Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, as per S&P Global.

Late 2022 saw a boost in consumer confidence fuelled by economic reopening and a brisk post-pandemic recovery. However, as the recovery's pace slowed and interest rates increased through the second half of 2023, consumer confidence began to dip. This trend was particularly notable in Thailand and Indonesia, where confidence is reverting to trend levels, and in the Philippines, where it has fallen below trend.

Income growth across the region is also on a downward trajectory, with real household incomes adjusting for inflation showing moderation in 2023 despite stable unemployment rates. This slowdown in income growth, compounded by elevated inflation rates, is expected to continue dampening household spending into 2024. The manufacturing sector's underperformance in 2023, attributed to weaker global demand, has further suppressed income growth, notably in Malaysia.

Despite these challenges, S&P Global forecasts an improvement in real household incomes across ASEAN in 2024, driven by lower inflation rates, resilient labor markets, and steady economic growth. Unemployment rates are expected to remain at or below trend levels, which should mitigate significant reductions in retail activity resulting from weakened consumer confidence and spending power.

However, recent months have witnessed a moderation in retail sales volume growth compared to trend rates, with economic activity in the fourth quarter (Q4) indicating a slowdown that is likely to extend into 2024. Although consumer patterns have shifted since the pandemic, possibly affecting the accuracy of retail sales data, this data still provides a valuable insight into the consumption landscape.

Looking ahead, while private consumption was a key growth driver in 2023, external demand is expected to pose less of a drag on growth in 2024, resulting in a more balanced growth outlook across the region.

Country-specific outlooks vary, with Indonesia expecting modest real income growth and potential monetary policy easing later in the year to boost consumer sentiment. Malaysia faces challenges from weak international trade and electronics output, affecting consumer confidence and household incomes.

In the Philippines, easing inflation and loosening monetary policy are expected to stabilise consumption. Singapore's consumer outlook hinges on monetary policy and economic growth, with fiscal measures introduced to support consumers. Thailand's consumer spending may benefit from proposed fiscal stimulus, while Vietnam anticipates a broader economic recovery strengthening consumption in 2024.

Source: fibre2fashion.com– Feb 22, 2024

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Cambodian ministry projects nearly 6.6% growth in 2024

Cambodia's economy is projected to grow by nearly 6.6 per cent this year despite geopolitical tensions and a global economic slowdown, according to officials from the ministry of economy and finance.

A significant early-year rebound in the garment sector has contributed to the projection.

Secretary of state in the ministry Phan Phalla Phalla said the garment sector has considerably recovered and its exports in January this year exceeded those in the same month last year.

There has been a steady rise in foreign direct investment (FDI), a significant increase in Chinese investments, and a lot of optimism indicates a positive recovery, he noted.

A slight increase in inflation to 3.2 per cent is forecast for 2025 for Cambodia.

There is a need for increased vigilance this year in the context of rising challenges and risks, both domestic and international, Phalla said.

"Cambodia will continue to face a number of internal structural problems, especially limited competition and the slow pace of economic diversification, as well as continued strong reliance on external demand," he was quoted as saying by a Cambodian news outlet.

Source: fibre2fashion.com– Feb 22, 2024

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Turkey’s nonwoven fabric exports decline by 84.1% in December 2023

In December 2023, Turkey’s exports of nonwoven fabrics decreased by 84.1 per cent to approximately 3.8000 tons. This abrupt decline reflects a challenging period for exports.

According to the estimates by IndexBox, the value of nonwoven fabric exports from Turkey fell sharply to an estimated $12 million in December 2023. Overall, exports continue to show a considerable contraction, with the most rapid growth also observed in March 2023, at a 47 per cent increase month-to-month.

Egypt with imports of 271 tons, the United States with 262 tons of imports, and Germany with 219 tons emerged as the primary destinations for Turkey's nonwoven fabric exports, comprising a combined 20 per cent share of total exports.

From December 2022 to December 2023, Egypt experienced the most notable growth rate among the main destinations, with a Compound Annual Growth Rate (CAGR) of -11.1 per cent, while other leading destinations witnessed declines.

In terms of value, the United States with exports worth $773,000, Egypt with exports of $726,000, and Germany with exports worth $660,000 emerged as the largest markets for Turkish nonwoven fabric exports worldwide, accounting for a combined 19 per cent share of total exports. Germany showed the highest growth rate in export value, with a CAGR of -11.7 per cent, while other leading markets saw declines over the review period.

Source: fashionatingworld.com– Feb 22, 2024

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Bangladesh commerce secretary visits Australia for trade growth

Commerce secretary Tapan Kanti Ghosh recently embarked on a significant visit to Australia, aligning with the government's efforts to bolster bilateral trade and investment between Bangladesh and Australia.

His visit included pivotal discussions aimed at enhancing economic ties and diversifying product exchanges.

In a crucial meeting with Philippa King, deputy chief executive of the Australian Trade and Investment Commission (Austrade), the focus was on fortifying economic relations between the two nations.

King underscored the importance of product diversification to stimulate trade and investment, emphasising the need for increased collaboration between universities in Bangladesh and Australia to enhance higher education opportunities.

Furthermore, the dialogue encompassed plans for a joint investment seminar aimed at fostering bilateral investment.

Ghosh expressed appreciation for Australia's commitment to maintaining Bangladesh's status as a least developed country in the Australian market, acknowledging the mutual benefits derived from this arrangement.

During his visit, the commerce secretary also graced a seminar organised by the Australia Bangladesh Business Council in Sydney, where he served as the chief guest. This engagement provided a platform for further discussions on strengthening economic cooperation and exploring avenues for bilateral trade expansion.

Source: fibre2fashion.com– Feb 22, 2024

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NATIONAL NEWS

Economy estimated to grow at 6.5% in FY25: Ind-Ra

Indian economy is estimated to grow at 6.5 per cent during Fiscal Year (FY) 2024-25, India Ratings and Research (Ind-Ra) said on Thursday. The agency also expects the pace of private investment to accelerate if the present government returns to power.

The agency's projection is 50 basis points (bps) lower than Reserve Bank of India's (RBI) projection of 7 per cent, but at par with International Monetary Fund's (IMF) projection of 6.5 per cent. Growth during current fiscal is estimated at 7.3 per cent

The agency said that economic recovery is on track owing to multiple factors including sustained government capex, healthy corporate performance, deleveraged corporate and banking-sector balance sheets, continued softness in global commodity prices and the prospect of a new private capex cycle.

Positive outlook

The agency said that while growth in the next fiscal is expected to be lower, this is not going to affect private investment cycle which bodes well for the economy. "When we look at lead indicators, all of them are indicating that at the current juncture, the private corporate sector is once again becoming more bullish about investments.

It may or may not be happening on the ground in the way we would like it to, but some flavour of that has already started becoming clearer, at least in terms of intentions and the way they (corporates) are now approaching banks to finance their projects," Sunil Kumar Sinha, Principal Economist at Ind-Ra said in a press conference here.

According to the agency, ₹3.53-lakh crore was raised in 2022-23 to finance a total of 982 large projects — those over ₹1,000 crore. This is significantly higher than the ₹1.98-lakh crore raised to finance 791 such projects in 2021-22.

According to Sinha, while it's still "early days" for the private capex cycle, companies are also gaining confidence from their belief that the likelihood of another shock is low, with the last few years seeing several of them, such as the Covid pandemic and Russia's invasion of Ukraine.

"With demand picking up, capacity utilisation in the private sector should start rising from the current aggregate level of 75 per cent. Meanwhile, certain segments such as cement and steel have already seen their capacity utilisation levels cross 80-85 per cent. As such, investments has already begun taking place in those sectors," he said.

However, the agency cautioned that consumption demand was still skewed in favour of households with the upper 50 per cent of incomes. "A rise in input costs, if not adequately passed on to output prices, will reduce value addition and corporate margins," Sinha said while adding that given that consumption is not broad-based, producers will find it difficult to pass on the higher input cost to output prices.

Source: thehindubusinessline.com– Feb 22, 2024

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Russia 'uses up much of its ₹ balance in Indian banks'

Russia has managed to use up most of its rupee balance, estimated by the industry at over $8 billion that had piled up in special vostro accounts of Indian banks on account of payments made largely for Russian defence purchases, and the matter is not a major concern now, officials have said.

The rupee balance has been used up by Russia through multiple avenues that include payments for Indian imports, which increased about 39 per cent to $4.05 billion in 2023, investments in infrastructure projects, investments in the equity market and purchase of government securities, the official added.

"Till a few months ago, the Russians were worried about the piling up of rupee payments in their vostro accounts in India as they received payments for their defence sales, and some other items, in Indian currency due to the West's economic sanctions. The Indian government and the RBI then worked with Moscow to create suitable avenues for investment and also increase Indian exports to Russia. That seems to have worked," the official told businessline.

Exploring more projects

Since defence purchases from Russia, which is one of India's largest military hardware supplier, is expected to stay robust, the government is hopeful that the rupee payments that are made in the vostro accounts in the future (including for S-400 missile systems) will continue to be used gainfully by Moscow in the identified channels.

"The two countries are exploring more projects where Moscow can invest which could be on the lines of the India-Russia joint venture Vande Bharat deal to manufacture and maintain 120 trains for the Indian Railways. The area of heavy engineering holds a lot of scope," the official said.

The Russian media has also written about a deal per which the Goa shipyards in India will build 24 cargo ships for operation in the Caspian Sea with the participation of the Russian Export Center by 2027. "Such deals between Russia and India could ensure continued usage of rupee balances by Russia," the source added.

Western countries imposed banking and economic sanctions against Russia following its attack on Ukraine in February 2022, which still continues. India and Russia put in place a rupee payment system to circumvent the sanctions. Under the mechanism, a number of Russian banks, including Gazprom, Rosbank, Tinkoff Bank, Centro Credit Bank and Credit Bank of Moscow, opened their rupee vostro accounts with authorised dealer banks in India, such as UCO, HDFC and ICICI, for enabling rupee trade between the two countries.

“As India’s exports were insignificant compared to the imports, the piling up of unused rupee payments in the banks became a problem. Russia even considered suspending some of its defence sales to India at one point of time,” the official said.

On the sidelines of a G20 meeting in New Delhi in September 2023, Russia’s Foreign Minister Sergei Lavrov had reiterated his country’s concerns over billions of rupees stored in Indian banks that “unfortunately cannot be used right now”. He had said that India had proposed some ways in which the money can be invested.

Oil imports

India’s imports from Russia in 2023 touched $60.87 billion increasing 79 per cent over the previous year, creating a trade deficit of about $56 billion. However, oil imports, valued at over $40 billion, dominated the import basket, for which payment is not made in rupees, but various foreign currencies.

Through the process of smart billing for Russian oil imports, by excluding freight, insurance and other logistics costs, India is managing to stay within the West’s price cap of $60 per barrel and avoid economic sanctions in the face of rising price of Russian Urals, an official had earlier said.

Source: thehindubusinessline.com– Feb 22, 2024

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India on track to be $10 trn economy, set for 3rd largest slot: WEF prez

India is on track to become a $10 trillion economy in coming years and grab the third-largest slot soon, World Economic Forum President Borge Brende said on Thursday as he described the country as a place with optimism not seen elsewhere in a very fragmented and polarised world.

In an exclusive video interview with PTI, Brende also said that the World Economic Forum (WEF) hopes to come back to the country with the WEF India Summit in collaboration with Government of India when the time is ripe.

"The Indian economy is the fastest growing among all large economies of the world. We saw in Davos this year that there was a huge interest in India and I think this will only continue," Brende said.

Geneva-based WEF, which describes itself as an international organisation for public-private cooperation, holds its annual meeting in the Swiss ski resort town Davos every year in January.

Brende said Indian Prime Minister Narendra Modi is "always very, very welcome to Davos".

"When you come to India, you feel some optimism which is not the case all over the world. We are facing a geopolitical recession, a very fragmented and polarised world, but still there are areas where we can collaborate and it is important to find those areas," he said.

Brende said it is necessary to underline that the economic growth is not so bad, especially in the case of India where "we are seeing 7 per cent economic growth and the world's largest economy, the US, which is also doing very well." On India targeting to become the third largest economy in the next 2-3 years, Brende said India is on track to become a $ 10 trillion economy in the coming years.

"India has gone through important reforms and it is well placed vis-a-vis the two largest economies, the US and China. Also, India is seeing a good increase in foreign direct investments, a lot of manufacturing activities are now taking place in India which used to happen in other emerging economies," he said.

He also lauded India's digital competitiveness and said digital trade is growing much faster than traditional goods in the world today.

"India is well placed and it is just a question of time before India becomes the third largest economy in the world after the US and China," he said.

On India's role in handling geopolitical conflicts, Brende said, "We will see a larger and larger Indian footprint on the global diplomatic scene in the years to come." India's major priority so far has been to secure economic growth, eradicate poverty, and ensure that India is flourishing when it comes to prosperity.

"I think India has also stayed away from any knee-jerk reactions on geopolitical issues. It's not an easy neighbourhood in Asia but India has dealt with situations very well and we do not see any conflicts in this region as we have seen in places like Ukraine and the Middle East," he added.

Brende said India is an important country when it comes to digitalisation with 1.4 billion people with digital IDs, linked bank accounts and effective payment systems.

"At the same time, the advent of new technologies raises concerns. While there are big opportunities presented by generative AI, there are also threats in the form of deepfakes and increased cyber attacks. So, it is very necessary to be vigilant and also have policies for that," he said.

For example, cybercrime last year stole $ 2 trillion from the global economy, he said.

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

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India-EU have political will to conclude FTA: Secretary General

India and the European Union, both have the political will to conclude the Free Trade Agreement (FTA) and while no timeline can be put on the conclusion of the deal negotiations are progressing well, European External Action Service Secretary General Stefano Sannino told ET on Wednesday.

"As we speak, the seventh round of negotiations is ongoing in New Delhi. It is an ambitious agreement and there are various elements to the FTA. While no timeline can be put as to when the FTA can be announced, I can say that there is a political will to conclude it," Sannino said in an exclusive chat on the sidelines of the Raisina Dialogue – India's premier foreign policy dialogue organised by the MEA and Observer Research Foundation (ORF).

Along with FTA talks, India-EU will also discuss an investment protection agreement (IPA) and a pact on geographical indications (GIs). The sixth round of India-EU FTA trade negotiations comprised 71 technical sessions covering 18 of the 23 policy areas and chapters. These talks were held in person and virtually. The proposed trade deal with the EU is one of the most complex FTAs being negotiated by India. While there is interest on both sides to take forward the deal, a breakthrough is unlikely before the general elections in India and European Parliament polls this year.

Sannino who is India's equivalent to the Foreign Secretary also mentioned about a new area of cooperation between EU and India – defence. "I had a meeting with the Ministry of Defence today (Wednesday) and both sides are discussing ideas to cooperate in the defence sector including cyber security. There are plans to have an Indian Defence Minister in Brussels in future."

The proposed partnership in the defence sector is an extension of India-EU security partnership, Sannino said, adding, India-EU security partnership besides counter-terrorism is focusing on maritime security and Freedom of Navigation.

Source: economictimes.indiatimes.com– Feb 22, 2024

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Govt extends the interest equalization scheme until June 30, 2024

The Government has announced an extension of the Interest Equalization Scheme for pre and post-shipment rupee export credit until June 30, 2024, according to a notification by the Reserve Bank of India.

Under this extension, Manufacturers and Merchant Exporters dealing with specified 410 HS lines will benefit from a 2 per cent interest equalization rate, while MSME manufacturers exporting under any HS line will receive a higher rate of 3 per cent.

The scheme, inaugurated on April 1, 2015, was originally slated for a five-year duration until March 31, 2020. However, it has since been extended multiple times, including a one-year extension amidst the Covid-19 pandemic, along with additional extensions and allocations of funds.

Additionally, starting from the financial year 2023-24, banks pricing loans covered under the scheme at an average interest rate higher than the Repo rate + 4 per cent will face specific restrictions.

Another important modification involves the imposition of a cap on the annual net subvention amount. The annual net subvention amount has been capped at Rs 10 crore per Importer-Exporter Code (IEC) in a given financial year. This cap applies to all disbursements made from April 1, 2023, onwards.

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

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Hope to finalise free trade agreement with India soon, says Norwegian Minister

Deputy Foreign Minister of Norway, Andreas Kravik, shared insights on various global and bilateral matters, emphasising the imminent conclusion of a Free Trade Agreement (FTA) between India and the European Free Trade Association (EFTA).

He also spoke about Afghanistan, the Russia-Ukraine conflict, maritime security issues, and notably, his views on former US President Donald Trump's stance on NATO.

FREE TRADE AGREEMENT WITH INDIA

In an exclusive conversation with India Today TV, Kravik expressed optimism about finalising the FTA with India "in the very near future," highlighting the progress in negotiations despite the impending code of conduct for general elections in India.

"We are very hopeful that we will be concluding the free trade agreement with India in the very near future," Kravik stated, acknowledging that while "certain things need to be polished," the process is moving positively forward. The agreement, under discussion since 2008, involves EFTA countries—Switzerland, Iceland, Liechtenstein, and Norway—eyeing to invest up to $100 billion over 15 years for market access in India.

This ambitious initiative aims at enhancing bilateral trade, with specific focus on patent protection, investment promotion, and addressing contentious issues like regulatory data protection for pharmaceuticals.

The 21st round of discussions, held in Delhi from January 8 to 13, 2024, tackled critical areas including trade in services, rules of origin, and intellectual property rights, marking significant headway towards mutual economic benefits.

Click here for more details

Source: indiatoday.in– Feb 23, 2024

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Construction of Navsari's PM MITRA Park project begins

The construction work of the PM Mega Integrated Textile Region and Apparel (PM MITRA) Park in Gujarat's Navsari has begun. Prime minister Narendra Modi today visited the region to lay the foundation stone for multiple development projects worth more than ₹47,000 crore. PM Modi stated that the project would bolster the textile industry, leading to an increase in India's share in textile exports.

Addressing the inauguration event in Navsari, Modi recalled 'Five F'—Farm, Farm to Fibre, Fibre to Factory, Factory to Fashion, Fashion to Foreign. He said that the goal was to have a full supply and value chain of textiles.

"Today, the silk city of Surat is getting an expansion till Navsari," the Prime Minister said, highlighting India's capability to compete with the largest producers and exporters in the sector.

He emphasised that the completion of the PM MITRA Park will change the face of the entire region where an investment worth ₹3,000 crore will be made solely in its construction. He said PM MITRA Park will create a value-chain ecosystem for activities such as cutting, weaving, ginning, garments, technical textiles, and textile machinery while also giving a boost to employment.

PM Modi informed that the Park will be equipped with houses for the workers, logistics park, warehousing, health facilities, and facilities for training and skill development, according to a press release issued by the Prime Minister's Office.

Navsari's PM MITRA Park is one of the seven parks approved by the central government. The Gujarat government has allocated 462 hectares to GIDC for the project, for which the centre will provide 30 per cent or ₹500 of the outlay for infrastructure development, estimated at ₹1,500 crore. It is expected that the park will attract investment of ₹10,000 crore and will generate 2-3 lakh direct and indirect employment opportunities in the textile and its allied sectors.

Source: fibre2fashion.com– Feb 22, 2024

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India-UK FTA: Weaving a new fabric for textile and apparel trade

India and the UK are inching closer to a Free Trade Agreement (FTA), with potential significant impacts on the textile and apparel industry. While negotiations are ongoing, there are numerous anticipated effects on both imports and exports from this perspective. Data from the Global Trade Research Initiative (GTRI) suggests a potential $5 billion gain for India's textile and apparel exports due to the FTA.

Boost for Indian textile exports

Tariff reductions will be one of the most important effects. The UK currently imposes 4-12 per cent tariffs on Indian textiles and apparel. FTA-driven tariff reductions could make Indian products more competitive, boosting exports.

The UK is a major apparel market valued at $73.5 billion in 2022. Easier market access could open doors for Indian manufacturers, especially in segments like women's wear and home textiles. For example, as per WTO stats Bangladesh, which has an FTA with the UK, saw its apparel exports grow 30 per cent in 2021, highlighting the potential benefits for India as it could replicate this success with the UK market. The UK's growing demand for ethically sourced and sustainable clothing could benefit Indian producers who prioritize these practices.

Challenges for Indian textile imports

However, the FTA could increase competition as lower tariffs could make UK-made textiles and apparel more affordable in India especially those producing similar products at higher costs, posing competition to domestic manufacturers. Job displacement is another worry.

Concerns exist about potential job losses in the Indian textile industry, particularly in segments where UK imports have a cost advantage. As Sanjay Jain, President of the Confederation of Indian Textile Industry states, "The FTA should be designed to ensure a level playing field and not lead to job losses in the Indian textile sector."

In fact, as per Peterson Institute for International Economics Vietnam's FTA with the EU led to a 10 per cent decline in its textile and apparel exports due to competition from European producers. India should learn from such examples and ensure adequate safeguards.

Also, compliance will be a major focus for Indian exporters. Meeting stricter UK regulations on sustainability and labor practices could be challenging for some Indian manufacturers. Indian textile producers will need to focus on quality and design to compete effectively.

Table: India-UK FTA and its effects

Impact	Indian Textiles & Apparel	UK Textiles & Apparel
Tariffs	Reduced	Lower prices for consumers
Market Access	Easier	Supply chain diversification
Demand	Increased	Potential quality concerns
Competition	More intense	Price pressure

Impact on UK imports

Reduced tariffs could lead to cheaper textiles and apparel imports from India for UK consumers. It will also lead to supply chain diversification. The UK could diversify its textile supply chain, potentially reducing reliance on other countries. However, some UK stakeholders worry about potential quality issues with cheaper Indian imports.

However, experts caution tariff reductions alone won't guarantee success. As India needs to focus on:

• Improving product quality and design.

• Enhancing supply chain efficiency and reducing production costs.

• Investing in sustainability practices to meet growing consumer demand.

• The deal should ensure inclusivity, supporting small and medium-sized enterprises (SMEs) in the textile sector.

• Addressing non-tariff barriers like technical regulations and product standards is crucial for smooth trade flow.

• The FTA should promote ethical and sustainable practices throughout the textile and apparel supply chain.

Indeed, the India-UK FTA holds promise for both countries' textile and apparel industries. However, realizing its full potential requires addressing concerns about quality, competition, and compliance. Careful implementation and strategic industry development are key to ensuring a mutually beneficial outcome.

Source: fashionatingworld.com– Feb 22, 2024

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India Exim Bank, MSME sign MoU to develop & launch Exim Mitra 2.0

The Export-Import Bank of India (Exim Bank) and the ministry of micro, small and medium enterprises (MSME) have signed an MoU for the development and launch of Exim Mitra 2.0 - a trade facilitation and information portal to empower Indian exporters, particularly those in the MSME sector. The MoU was signed by Dr Rajneesh, additional secretary & development commissioner, ministry of MSME and Harsha Bangari, managing director, Exim Bank, recently.

This collaboration builds upon Exim Bank's trade facilitation and information portal, 'Exim Mitra', which is an effective, single point of access for a wide range of trade-related information, handholding, and support services for Indian companies seeking to tap the export markets.

Exim Bank is in the process of developing a new and improved Exim Mitra 2.0 portal and mobile application. Alongside, the ministry of MSME is also conceptualising a Global Market Intelligence System (GMIS) to act as a central knowledge repository of export related data on foreign markets to enhance the participation of Indian MSMEs in the global value chain.

Recognising the complementarities between Exim Mitra 2.0 and the GMIS, the ministry of MSME and Exim Bank are collaborating for a unified portal. The MoU paves the way for Exim Bank to access and utilise the Udyam registration data from the ministry of MSME, for personalising the content and resources on the Exim Mitra 2.0 portal and mobile app for registered Udyam users. Leveraging the synergies from the partnership, Exim Mitra 2.0 will offer improved functionality, greater resources, and curated content for existing and aspiring exporters, the bank said in a press release.

Exim Mitra 2.0 will provide trade related information and data in a user-friendly format, ensuring enhanced accessibility and seamless experience for users. Further, multimedia content such as podcasts, blogs, and educational videos, including a video series on 'Indicative Steps to Export', will cater to diverse learning preferences and enhance user engagement. The portal will also feature a chatbot to provide instant answers to frequently asked questions, empowering users to access information swiftly and conveniently. To broaden its reach and cater to a more diverse audience, the portal will also have multilingual capabilities.

The collaboration capitalises on the strengths of Exim Bank and the ministry of MSME for bridging the information gaps in exports' ecosystem. Exim Bank's four decades of experience in financing, facilitating and promoting exports from the country and its institutional linkages, coupled with the comprehensive databases of the ministry of MSME, would unlock invaluable resources for existing and aspiring exporters, thereby contributing to India's ambition of achieving $2 trillion of exports by 2030.

Source: fibre2fashion.com– Feb 22, 2024

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Indian readymade garment shipments finally reach Europe, taking the long way

New Delhi: India's export of readymade garments grew significantly in terms of value in January as shipments stuck due to the Red Sea crisis were able to reach their destinations by taking the longer route around the Cape of Good Hope in Africa.

The export of ready-to-wear textile products increased 11% to $11.57 billion in January from $10.13 billion in December 2023, according to the commerce ministry data analyzed.

To be sure, volume data for these shipments was not available on NIRYAT portal of commerce ministry.

In the first 10 months (April 2023-January 2024) of the current fiscal year, the export of all textiles stood at $27.69 billion, less than the $29.41 billion in the corresponding months of 2022-23.

The main buyers of Indian readymade garments (RMG) were European nations led by Germany, the Netherlands, Italy, Poland and Denmark. These countries recorded a month-on-month growth of 19%, reaching $4.30 billion in January.

According to a government official, who wished not to be named, the increase in RMG exports in January could be attributed to the movement of shipments that had been booked in advance but were on hold due to the Red Sea crisis that began in early November.

“We are currently analyzing the data. It is possible that new bookings were fulfilled in January, as there is a conventional trend of export growth in the last quarter following a sluggish start in the first two quarters," the official elaborated.

Yemen-based Houthi rebels have been targeting ships in the Red Sea–a busy trade route–in reprisal for Israeli bombing of Gaza. As much as 80% of India's merchandise trade with Europe passes through the Red Sea. Key products such as crude oil, auto and auto ancillaries, chemicals, textiles and iron and steel have been affected by the crisis.

"Red Sea crisis will make things a little more expensive, and it is impacting everybody. India cannot be seen separately. It will also impact exports of Bangladesh, China, and others. Overall, global trade has become more expensive because of the Red Sea crisis," said Rahul Mehta, president, Clothing Manufacturers Association of India (CMAI).

“I don’t see any significant upswing in textiles export in global trade. The sentiments continue to be depressed. The next months of this fiscal will remain the same; no major upswing is expected," Mehta said.

Queries sent to the textiles ministry remained unanswered till press time. Indian exports are facing higher shipping costs due to rerouting from Africa. Around 95% of vessels have rerouted around the Cape of Good Hope adding 4,000-6,000 nautical miles and 14-20 days to journeys, the commerce ministry had stated in a report last month, a copy of which has been seen by Mint.

India is the world’s sixth-largest exporter of textiles and apparel, with the domestic apparel and textile industry contributing about 2.3% to the country’s GDP, 13% to industrial production, and 12% to exports.

India’s textile and apparel market size is growing at a CAGR of 14.59% from $172.3 billion in 2022 and is expected to reach $387.3 billion by 2028, according to Indian Brand Equity Foundation (IBEF), a body established by the ministry of commerce and industry.

The textile industry is also the second largest employer after agriculture, providing direct employment to 45 million people and 100 million people in the allied sector.

Source: livemint.com– Feb 22, 2024

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Spain's Zara launches flagship store in Ahmedabad, India

Zara launched its first store in Ahmedabad in the prime area of Palladium, Ahmedabad today, it's the second store in Gujarat, India.

This new space of over 27,000 sq. ft. reflects Inditex and Zara's strategy of opening stores equipped with the most efficient technological tools so that customers can live the fashion experience in a spacious, innovative and sustainable environment.

The project brings together architecture, sustainability, innovation and technology at the service of the customer. The interior is predominantly clean and neutral with hints of colour and warmth from the wooden furniture and the textiles. The space integrates the Women's, Men's & Kid's collections across three floors- ground, first and second floor. These floors are connected through two escalators and two lifts. The sprawling women's section is on the ground floor with a part of this section spilling over onto the first floor alongside the kid's section. The second floor is dedicated to the men's collection.

INNOVATION AT THE SERVICE OF THE CUSTOMER

The store at Palladium Ahmedabad features Zara's latest concept for larger stores equipped with the most efficient technological tools to offer customers a unique fashion experience integrated with the online platform.

Some of the services integrated with the brand's app include a fitting room reservation service, special area for collection of online orders, the ability to search online for items in the store, order and collect it within 2 hours and to check available stock. The store also boasts of two self-checkout areas.

A MORE SUSTAINABLE STORE

As part of Zara's commitment to have more sustainable stores, this store has been designed, built and managed to reduce the use of energy and water when compared to a conventional retail store. This is in line with Zara's commitment to constantly review our standards so that we are working towards better environmental practices.

To ensure that the store meets these criterias, it is connected to our centralized system which allows us to program lighting, heating and air conditioning, among other things, to suit what a specific store needs at any given moment. With this approach, we control and optimize our energy consumption and limit our CO_2 emissions.

Additionally, the wood used throughout the store, as well as paper products including bags and labels, have all received PEFC or FSC seals, guaranteeing that the management process for the forest-sourced raw materials was conducted in a more sustainable way.

Zara works continuously to reduce the environmental impact of its team's daily decision-making with the use of a holistic vision roadmap that has objectives for every phase of the value chain. It also develops reuse and recycling programs that promote the circular economy and reduce waste and the first-time consumption of raw materials. Zara and Inditex are committed to achieving climate neutrality by 2040.

ZARA AND INDITEX

Zara is part of the Inditex Group, a global fashion company, together with Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. With a business model focused on constant innovation and customer service, Inditex operates an integrated platform of physical and online stores in over 200 markets and is committed to achieving climate neutrality by 2040. Inditex currently has 23 Zara stores in India including this one.

Source: fibre2fashion.com– Feb 22, 2024

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