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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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USD	EUR	GBP	JPY
82.89	89.89	104.97	0.55

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

China manufacturing slump weighs on Asia factory activity

China's factory activity shrank for the fifth straight month in February, with weak demand in the world's No. 2 economy weighing on manufacturers across Asia.

The official manufacturing purchasing managers index for China came in at 49.1 last month, the National Bureau of Statistics said Friday. However, the Caixin PMI — a private survey that focuses on smaller firms — improved to 50.9.

Surveys of factory managers from elsewhere showed manufacturers in North Asia cut output and new orders last month amid subdued customer spending both from domestic and international markets.

S&P Global data showed Taiwan's PMI edging down to 48.6 in February from 48.8 the month prior, keeping it below the 50 waterline that separates expansion and contraction. It's the 21st straight month that manufacturing conditions have stayed in contraction territory in the trade-reliant economy.

Japan's PMI also fell to 47.2 from 48, dragged down by its sharpest decline in exports in 11 months, according to data published by au Jibun Bank. Mainland China was cited as a key source of reduced international sales, along with weak orders in US and Europe. As a result, factories also cut employment levels and purchasing activity.

"Supply pressures were also evident, as delivery times reportedly lengthened to the greatest extent since February 2023," said S&P Global Market Intelligence's Usamah Bhatti about the Japan data. "Anecdotal evidence suggest that logistical disruption caused by the situation in the Red Sea and the residual impacts of the Noto Peninsula earthquake weighed on suppliers."

In Southeast Asia, Thailand was the laggard with its PMI worsening to 45.3 last month from 46.7 in January. New orders also declined at their sharpest pace since the pandemic. Malaysia and Myanmar remained in contraction territory. Only Indonesia, the Philippines and Vietnam posted above-50 readings in February.

The region saw inflationary pressures flare up anew. Factories were squeezed by rising prices of raw materials but were unable to pass on costs in full against the backdrop of tepid demand.

"Manufacturers will need to see stronger and sustained growth of new business before they can be confident enough to invest in inputs and start to raise their selling prices more in line with their own cost burdens," said S&P Global's Andrew Harker of the Vietnam release.

The latest data comes amid fresh warnings from the World Trade Organization that global commerce is performing weaker than expected this year after unexpected economic headwinds and the reemergence of protectionism. Demand remains modest among major economies, while shipping is disrupted as conflict and drought hit the key waterways of the Red Sea and the Panama Canal.

Merchandise trade likely fell short of the WTO's forecast of 0.8% growth in 2023, and this year's estimate of 3.3% gain this year may prove to be too optimistic as well.

Source: economictimes.com– Mar 01, 2024

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Congress Urges DHS to Protect American Textile Industry from 'Illegal Customs Practices'

Congressional lawmakers are throwing their weight behind the Department of Homeland Security's (DHS) pledge to safeguard the American textile sector from illegal foreign influence.

This week, 40 House Democrats and nine Senate Democrats penned letters to Secretary of Homeland Security Alejandro Mayorkas underscoring DHS' commitment to bump up efforts to detect, prevent and prosecute customs fraud through a dedicated textile sector enforcement plan.

On Jan. 30, Mayorkas met with members of the National Council of Textile Organizations (NCTO)—including manufacturers that support the apparel, home goods, PPE and industrial textile supply chains—to discuss how Uyghur Forced Labor Prevention Act (UFLPA) violations and a deluge of de minimis shipments have harmed U.S. industry. Under existing trade law, shipments from foreign markets worth under $800 can be delivered to shoppers' doorsteps duty free.

As a result of that meeting, Mayorkas directed U.S. Customs and Border Protection (CBP), Homeland Security Investigations (HSI), and other agencies and offices within DHS to step up UFLPA enforcement efforts and develop an action plan to address the limitations of current trade legislation within 30 days.

"The importance of the contents of the action plan and its immediate implementation cannot be overstated," Rep. Rosa L. DeLauro (D-Conn.) wrote on behalf of the House Democratic Caucus on Wednesday. The issues outlined "are of utmost concern to our constituents and the future of the American textile industrial base, an essential industry that not only contributes significantly to the U.S. economy but also supplies essential products, such as critical national defense materials and medical personal protective equipment," she added.

"Without a demonstrative, expeditious, and effective customs enforcement plan, the devastation currently felt throughout the critically important textile production chain that employs nearly 550,000 U.S. workers and produces almost $66 billion in output annually will only worsen," the letter said.

Signatories noted that the impacts of the forthcoming plan will reverberate beyond the U.S. textile sector, as the industry is part of "a broader hemispheric co-production chain" with partners in Mexico and Central America. Those relationships are built on free trade agreements that include rules of origin, labor and environmental standards, supporting 2 million textile and apparel jobs.

Allowing shipments from non-market economies like China unfettered access to the U.S. market undercuts economic opportunity across the Western hemisphere, they argued. At least 10 textile plants have closed in the U.S. alone in recent months.

Rep. DeLauro said the group is "keenly interested" in the contents of the forthcoming action plan and follow-through "given its importance to our constituents and policy priorities around trade enforcement, jobs, nearshoring, and critical industries."

Friday morning saw Senate Democrats follow up with their own missive to the DHS lead.

"The scale and scope of illegal customs practices undercutting the competitiveness of domestic manufacturers is daunting, and this problem cannot be fixed without a robust, expeditiously deployed enforcement plan," Sen. Sheldon Whitehouse (D-R.I.) wrote.

The lawmaker previously helped convene the Rhode Island Textile Innovation Network and is a co-sponsor of Sen. Sherrod Brown's (D-Oh.) Import Security and Fairness Act, which aims to stop non-market economies from exploiting the de minimis trade rule.

"Harmful and illegal customs practices take various forms," including abuses of the Section 321 de minimis tariff waiver system, circumvention of the UFLPA and Section 301 punitive tariffs on China-made goods. "As part of your enforcement plan, we encourage you to comprehensively address each of these avenues for fraud," the letter continued.

The immediate implementation of a robust customs enforcement plan is imperative to secure the future of the U.S. textile production sector.

"After facing decades of unfair trade practices, textiles manufacturers are seeing unprecedented demand destruction and dangerously low capacity utilization rates," Sen. Whitehouse wrote. "Without an expeditious and effective enforcement plan, the devastation felt throughout the production chain will only worsen."

Sen. Whitehouse also wrote that an enforcement plan is critical to advance President Joe Biden's White House Council on Supply Chain Resilience, which DHS helped launch in November with the goal of bolstering operations critical to the country's economic and national security.

"In closing, we welcome your call for an action plan and will be keenly interested in the contents and follow-through given its importance to our constituents and American economic competitiveness," the letter said. It was signed by Senators Brown, Elizabeth Warren (D-Mass.), Mark Warner (D-Va.), Jon Ossoff (D-Ga.), Raphael Warnock (D-Ga.), Jeanne Shaheen (D-N.H.), Tim Kaine (D-Va.) and Jack Reed (D-R.I.).

The issue of de minimis reform is quickly gaining traction on The Hill. On Saturday, Senators Brown and Rick Scott (R-Fla.) wrote to President Biden, urging him to use his executive authority to end de minimis altogether.

Meanwhile, Representatives Earl Blumenauer (D-Ore.), Neal Dunn (R-Fla.) and Dan Bishop (R-N.C.) announced the Coalition to Close the De Minimis Loophole on Friday. The lawmakers and other advocates, including labor unions, law enforcement, manufacturers and business associations, will hold a press conference March 6 to talk about congressional efforts to alter the provision.

Also on Friday, the U.S.-China Economic and Security Review Commission hosted an all-day hearing dubbed "Consumer Products from China: Safety, Regulations and Supply Chains" hosted by Committee Chairman Robert Cleveland and Commissioner and NCTO lead Kim Glas.

Source: sourcingjournal.com– Mar 02, 2024

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US economic growth slows in Q4 2023

The US economy witnessed a deceleration in its growth rate during the fourth quarter (Q4) of 2023, with the real gross domestic product (GDP) increasing at an annual rate of 3.2 per cent, according to the Bureau of Economic Analysis (BEA). This represents a slowdown from the 4.9 per cent growth rate observed in the third quarter. The 'second' estimate for Q4 2023 saw a slight adjustment from the initial 3.3 per cent growth estimate, primarily due to a downward revision in private inventory investment, partially offset by increased state and local government spending and consumer expenditure.

Despite the quarter-on-quarter slowdown, 2023 saw the US economy expand by 2.5 per cent, marking a solid improvement over the 1.9 per cent growth in 2022. The annual growth was fuelled by significant contributions from consumer spending, non-residential fixed investment, and government spending, although it was somewhat offset by decreases in residential fixed investment and private inventory investment.

In Q4 2023, consumer spending and exports played pivotal roles in driving economic expansion, alongside state and local government spending and non-residential fixed investment. However, the growth was tempered by a downturn in private inventory investment. Moreover, imports, which negatively impact GDP calculations, increased during the quarter, as per the bureau.

The year also recorded a 4.9 per cent increase in current-dollar GDP, reaching $27.94 trillion, with the price index for gross domestic purchases rising by 1.9 per cent. The personal consumption expenditures (PCE) price index, a key indicator of inflation, saw a 1.8 per cent increase, indicating a slight uptick in inflationary pressures.

On the income front, current-dollar personal income rose by $219.5 billion in Q4 2023, although disposable personal income and personal saving experienced downward revisions from previous estimates. The personal saving rate also saw a slight decline.

Source: fibre2fashion.com– Mar 03, 2024

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Bullish Activity for Cotton Setting Up for Months-Long Ride

It's not over.

The old crop May and July futures contracts will continue to have bullish activity at least through early June. The market will come under pressure if speculators instigate short covering selloffs, but the low 90s should prevent any activity below 90-91 cents – at least through the expiration of the May contract and into early June for the July contract. The only other bearish activity facing old crop will continue to be weak fundamental demand.

The new crop December, after trading above our magic 85 cents, did back off as expected and ended the week fighting to hold 83 cents. The higher old crop prices trade into the May planting period, the more pressure there will be on the new crop December futures contract. Yet, the 82-cent level should hold until more is known about 2024 crop planting conditions and planting intentions.

The month-long February price rally saw May futures climb almost 14 cents higher. The rally began with USDA's February supply demand report as traders realized that USDA's estimate of the 2023 crop was grossly overestimated. This allowed traders to place their bets on USDA significantly overestimating the amount of U.S. cotton available to the market. Consequently, this led May futures to reach the magic dollar level with some 36 more trading sessions before the July contract becomes the lead contract month.

With demand already very weak, at best, the current rally has all but cut off the demand for U.S. cotton. Last week's export sales fell to a net of only 40,000 bales. While some 17 countries were in the market – seemingly a respectable number – the realization that only three countries purchased a net of more than 3,000 bales highlighted the severe weakness in the export market. It is noted that Brazilian recaps did draw the attention of mills.

Yet, mills have backed themselves into a corner in that as prices have moved higher and higher, they realized that they must chase the market no matter how unaffordable prices may become. As the market backs and fills into the mid- to high-90s, look for mills to fix prices, in turn supporting the bullish side of the price equation.

At the beginning of the week, mills needed to fix the price of some 5 million bales on either the May or July contracts. That is, mills must buy futures contracts to cover roughly 5 million bales at whatever the futures price is. Granted, growers still need to fix the price of 831,000 bales by selling futures contracts, but the need to buy contracts is very sizeable. The ratio of buying futures contracts to selling contracts is 6 to 1. Thus, there are relatively few sellers left in the market.

With just two active old crop contracts remaining (May and July), the mid-90 cent price level is very well supported. Thus, speculators and mills are all but the only market participants left (while there are few sellers left to provide the sell side for a buyer, spread trading and option trading will provide the market with the necessary needed liquidity). Too, speculators have been so active in this rally that they are responsible for open interest climbing to a three year high (open interest should be viewed as the value of capital invested in the market).

Market dynamics have worked to place speculators and mills both looking to buy futures – a very unusual market phenomenon. Technically, the market will play out before $1.10 cents, but demand says prices have seen their high. New crop should fight and struggle to hit 85 cents again. Thus, as commented last week, growers should act to fix new crop prices at the 85-cent area, just two cents above the West Texas 83-cent insurance price.

Source: cottongrower.com– Mar 03, 2024

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Fashion in Flux: Shifting tides in US apparel imports

The US apparel industry is undergoing a significant paradigm shift, driven by evolving consumer preferences, changing global dynamics, and technological advancements. Gone are the days of solely relying on low-cost, mass-produced garments from traditional suppliers like China. Consumers are demanding more, pushing the industry towards sustainability, ethical sourcing, and diversification.

There are various reasons for this transformation. These include shifting consumption patterns, evolving buying behaviour, choosing experiences over ownership among others.

A changing consumer

Today's consumers are increasingly concerned about sustainability, ethics, and transparency in their purchases. This is driving demand for eco-friendly materials, ethical production practices, and brand's promoting social responsibility states McKinsey & Company 'State of Fashion 2022' report. Millennials and Gen Z prioritize ethical and sustainable practices. Studies by McKinsey & Company show 60 per cent of global consumers are willing to pay a premium for sustainable products.

Meanwhile fast fashion is facing backlash due to its environmental impact and fleeting trends. Consumers are seeking clothing that reflects their individual style and values, leading to a rise in personalized shopping experiences and on-demand production states Deloitte's 'Fashion & Apparel - Industry Outlook 2023'.

Demand for ethical and sustainable production practices is prompting brands to diversify sourcing and prioritize eco-friendly materials. As per Euromonitor International 'Apparel: United States, 2023' millennials and Gen Z prioritize experiences over material possessions. This translates to a rise in clothing rental services, subscription boxes, and resale platforms, impacting traditional ownership models.

Click here for more details

Source: fashionatingworld.com– Mar 01, 2024

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Zara to Reopen Stores in Ukraine

Zara parent company Inditex said Friday it will gradually reopen its stores in Ukraine beginning April 1.

In a statement, Inditex confirmed the news, which was first reported by The Financial Times, that the retailer is planning to resume activities "based on local market circumstances." It will reopen about 50 of its 80 stores in the country.

"The group's priority continues to be the safety of its employees and customers," Inditex said. More than 30 stores in the embattled south and east of Ukraine where the war is raging the fiercest will remain shuttered.

The first doors to reopen will be in Kyiv shopping malls, including three Zara outposts in the capital. Inditex previously operated a mix of its brands there, including Bershka, Pull & Bear, Massimo Dutti and its flagship Zara, prior to suspending operations in February 2022, following the Russian invasion of the country. The company has continued to pay salaries for employees there while business has been on hold.

It also shuttered its 514 Russian stores at the time, and sold those operations to UAE-based Daher Group last April.

Prior to closing business there, Russia accounted for roughly 10 percent of Inditex's global sales. The company took a writedown of 216 million euros related to closing stores in the first half of the 2022 fiscal year.

Inditex reported record profits in its most recent round of financial results reported in December, and indicated that sales continued to be strong.

In the three months to Oct. 31, net profits at the Spanish fast-fashion behemoth climbed 22 percent to 1.59 billion euros year-over-year. Sales were up 14 percent in constant currency for the period between Nov. 1 and Dec. 11, as the holiday shopping season gets underway.

Inditex's full-year results will be released on March 13.

Source: sourcingjournal.com– Mar 01, 2024

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Netherlands sees slight uplift in manufacturer confidence in Feb 2024

Dutch manufacturer confidence experienced a marginal improvement in February 2024, with the index rising slightly from minus 4.4 in January to minus 4.2, according to the latest data by Statistics Netherlands (CBS). Despite this slight uptick, sentiment remained below the 20-year average of minus 1.3, reflecting ongoing challenges in the manufacturing sector.

The slight increase in confidence is primarily due to manufacturers' more positive outlook on expected output over the next three months. However, concerns persist, as evidenced by more negative perceptions regarding order positions. The textiles, clothes, and leather industry, in particular, saw a notable decline in producer confidence, dropping to minus 8.5 from minus 5.3 in January.

There was a positive component indicator with manufacturers anticipating an increase in output outnumbering those expecting a decrease. On the other hand, two component indicators were negative, pointing to weaknesses in order positions and perceptions of current stock levels as being large, as per CBS.

Source: fibre2fashion.com– Mar 04, 2024

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US' retail inventories see marginal rise in January 2024

US’ retail inventories saw a slight increase in January 2024, ending the month at $804.8 billion, marking a 0.5 per cent rise from December 2023, according to the latest US Census Bureau Index of Economic Activity. Conversely, wholesale inventories experienced a marginal decline, with January's end-of-month figures standing at $896.8 billion, a decrease of 0.1 per cent from the previous month.

The advance international trade data revealed a more significant shift, with the trade deficit in goods expanding to $90.2 billion in January from $87.9 billion in December. The widening deficit is attributed to a greater increase in imports compared to exports, as per the bureau.

Source: fibre2fashion.com– Mar 03, 2024

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French industrial producer prices down 0.8% MoM, 4.4% YoY in Jan 2024

The overall producer prices in the French industry fell again by 0.8 per cent month on month (MoM) in January this year compared to a drop of 0.3 per cent in December, according to the National Institute of Statistics and Economic Studies (INSEE).

Over a year, such prices fell again by 4.4 per cent in January after a 2-per cent drop in December last year.

Producer prices for products sold on the home market dropped by 1.3 per cent MoM during the month after a 0.1-per cent fall in the previous month. Over a year, the same fell again by 5.1 per cent during the month after a 1.3-per cent drop in the preceding month. However, they were 30 per cent above their 2021 average level. Prices of manufactured products were stable MoM.

Producer prices for products intended for foreign markets, however, rose by 0.5 per cent MoM after a 1-per cent drop in the previous month.

Over a year, the same went down for the tenth consecutive month by 2.2 per cent after a 4.1-per cent drop in the previous month. They stood 14 per cent above their 2021 average level. Prices of manufactured products rose MoM, but at a more moderate pace of 0.3 per cent after a 0.4-per cent drop in December 2023.

Excluding energy, the producer prices in the French industry were almost unchanged over a month and fell back over a year, an INSEE release said.

The import prices of industrial products were stable over a month in January. Over a year, such prices kept falling for the eleventh consecutive month in January 2024, dropping by 5 per cent after a 7.2-per cent fall in December. However, they were 13 per cent above their 2021 average level.

Source: fibre2fashion.com– Mar 04, 2024

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Turkish exports up 3.5% YoY to $19.991 bn in Jan; imports fall 22%

Turkiye’s exports were worth $19.991 billion in January this year—a 3.5 per cent increase year on year (YoY), and imports in the month were worth $26.218 billion—a 22 per cent decrease YoY, according to the provisional data by the Turkish Statistical Institute (Turkstat) and the ministry of trade.

Foreign trade deficit in the month was worth $6.227 billion—a 56.4 per cent YoY decrease.

Exports, excluding energy products and non-monetary gold, were worth $18.592 billion during the month—a 3 per cent YoY increase; such imports were worth $18.66 billion—a 6.2 per cent YoY drop.

The country’s foreign trade volume was worth $37.251 billion- in the month—a 1.8 per cent decrease, Turkstat said in a release.

The main partner country for exports in the month was Germany, with exports worth $1.762 billion. It was followed by the United States ($1.224 billion), Iraq ($1.97 billion), the United Kingdom ($1.22 billion) and Italy ($999 million). The share of exports to the first five countries in Turkiye’s total exports was 30.5 per cent in the month.

The top country for Turkiye's imports in the month was Russia, with imports worth $4.324 billion. It was followed by China ($2.893 billion), Germany ($1.918 billion), the United States ($1.402 billion) and Italy ($1.187 billion). The share of imports from the first five countries in total monthly imports was 44.7 per cent.

In January, seasonally- and calendar-adjusted exports and imports decreased by 5.1 per cent and 4.8 per cent respectively month on month, while calendar-adjusted exports increased by 0.4 per cent YoY and such imports decreased by 23.6 per cent YoY.

The ratio of products in manufacturing industries in total imports was 75.3 per cent in the month.

Source: fibre2fashion.com– Mar 02, 2024

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Vietnam's Jan-Feb exports up 19.2% YoY; imports rise 18% YoY

Vietnam’s foreign trade was worth an estimated $113.96 billion in the first two months this year—a year-on-year (YoY) rise of 18.6 per cent.

The country earned $59.34 billion from exports during the period—up by 19.2 per cent YoY, data from the general department of customs show.

Eleven commodities saw export turnovers worth $1 billion each, cumulatively accounting for 75.1 per cent of the total export value, a domestic media outlet reported.

The country spent $54.62 billion on imports during the two-month period—a rise of 18 per cent YoY. The United States was the biggest importer ($17.4 billion) of Vietnamese goods, while China was Vietnam's largest import market ($20.9 billion).

Vietnam’s trade surplus during that two-month period was $4.72 billion, including $15.2 billion with the United States, $5.3 billion with the European Union and $0.4 billion with Japan.

Source: fibre2fashion.com– Mar 03, 2024

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Bangladesh-India has immense scope to grow together: BGMEA

Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), emphasised the immense potential for collaboration between Bangladesh and India as trading partners, particularly in the textile and apparel sectors to grow together.

Speaking at the "Building Resilient Value Chains - India as Global Sourcing Destination" discussion organised by the Indian Ministry of Textiles and the Consortium of the Export Promotion Councils in New Delhi on Wednesday, Faruque highlighted the synergies between the strengths of both nations.

India, being strong in textile segments, and Bangladesh, with a proven capability in apparel manufacturing, present a great opportunity for mutual growth, BSS reported citing a media statement Thursday.

"As we are pursuing a higher growth vision, the exchange of knowledge, expertise, technologies, and closer cooperation among our nations would create a win-win situation for us," remarked Faruque.

The panel discussion was moderated by GirishMenon, managing director, Stride Partners, and joined by a diverse range of industry experts including Mohammad Hatem, executive president, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), VipinTiwari, senior managing director, Target Sourcing Services; Nitin Prasad, managing director- India, PVH Corp; YatinKirori, global chief representative, Bestseller; and Asker Laubjerg, COO, KAS Group Asia.

Faruque underscored the need for a regional value chain, suggesting an integrated network of 'raw material supply,' 'production networks,' and 'marketing networks'.

"We need to set up a 'collaborative supply chain' so that we can complement our capabilities and strengths and grow together," he added.

"The RMG industry of Bangladesh is making significant investments in machine, technology, and skills to enhance the competitiveness of Bangladesh's ready-made garment industry in the global market," said the BGMEA president.

Investment in cutting-edge technologies aims not only to reduce costs and enhance efficiency, but also to promote sustainable practices with the apparel in Bangladesh, thus positively impacting the environment, he further remarked.

Source: thefinancialexpress.com.bd– Feb 29, 2024

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Pakistan: Cotton stockpiles at ginning mills despite lower production

At least 200,000 bales of cotton are lying with the ginners despite a 32 percent less lint production than the target and a delay in the beginning of the new crop year.

As per data released by the Pakistan Cotton Ginners Association (PCGA), a total of 8.393m bales of cotton were received by the ginning factories across the country till Feb 29, which is 72pc more than the previous year but a record 32pc less than the official target.

Cotton production in Punjab remained 43pc more and in Sindh a record 119pc more than the last crop year.

Textile mills have so far purchased around 7.892m bales and exporters 293,000 bales, but more than 200,000 bales are still available for sale with the ginning factories.

Pakistan Cotton Brokers Association secretary Sundas Ayub says a stock of 0.2m bales apparently appears to be too small in view of the time to start a new season, but lean demand amid poor economic situation is keeping the business activities at low ebb.

Explaining the crisis, Cotton Ginners Forum chairman Ihsanul Haq says that besides overall national economic slowdown, the textile sector is facing a severe financial crisis because of higher production cost due to soaring power and gas tariff as well as a steep hike in taxes on the industry.

He says there is a wave of serious concern in the sector, as there is also an unusual delay in cotton cultivation in most of the cotton zones across the country for the next season due to extremely adverse weather conditions.

He says that the newly-formed federal government should immediately announce a cut in electricity, gas and loan markup rates for the export textile sector to help recover it, recalling that the SIFC had approved the reduction in power rates from 14 cents to nine cents for the export textile sector.

Cotton trading in Pakistan remained quite limited during the last week, with prices ranging between Rs21,500 and Rs22,000 per maund, while the New York Cotton Exchange saw an unusual trend during which cotton prices reached the highest level of one dollar and three cents per pound before falling back to 95.57 cents.

Mr Haq says that cotton sowing is being severely affected due to the record low temperature because of rains along with Sindh's coastal districts of Badin and Thatta, as well as in most of the cotton zones of Punjab.

Meanwhile, the final cotton production data will be released on April 3, 2024 instead of March 18, 2024, and it is expected around 30,000 more bales will reach the ginners during this one month.

On the other hand, the Federal Committee on Agriculture usually releases cotton production figures and fixes production target for the next crop year as well as its intervention price in the second week of February every year. But, it has not met yet this year though the month of March has begun.

Source: dawn.com– Mar 04, 2024

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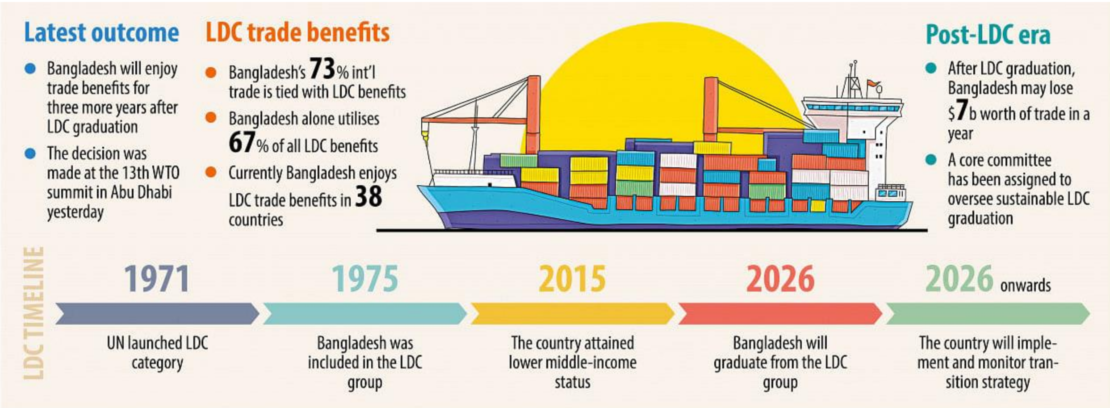
Bangladesh to enjoy duty benefit until 2029 as WTO members allow extension

Bangladesh will keep enjoying duty-free market access for three more years after its graduation to a developing nation in 2026 as the extension was endorsed by 166 members of the World Trade Organisation (WTO) at its Ministerial Conference that concluded in Abu Dhabi on Friday night.



"A member that graduates from the LDC category shall continue to be eligible for LDC-specific technical assistance and capacity-building provided under WTO's Technical Assistance and Training Plan for a period of three years after the date on which the decision of the UN General Assembly to graduate that member from the LDC category becomes effective," said the WTO.

After an intense negotiation for more than five days at the 13th WTO Ministerial Conference between February 26 and March 1, the member countries reached the consensus on the extension of the trade benefits for the LDCs (least-developed countries) that graduate.

Bangladesh joined the LDC group in 1975 and is going to leave it on November 24 of 2026.

And until Friday, there was uncertainty that the country would lose $7 billion worth of trade a year following the graduation because of the erosion of the preferential trade facility after graduation as suggested by various studies. That uncertainty is over until 2029.

The three-year extension came after the LDC group, chaired by Djibouti, applied to the WTO and other UN bodies in 2020 for the continuation of the market access to graduating LDCs for 12 more years as their economies were jolted by the severe fallout of the Covid-19 pandemic.

The outbreak of the Russia-Ukraine war in February 2022, which hit hard the LDCs and the low-income countries, emerged as an even bigger blow for the group and made their demand more justifiable.

The WTO countries agreed to extend the trade benefit to the graduated LDCs at the 12th Ministerial Conference in Geneva in June 2022 although no time was specified at that time.
The demand was considered in the WTO general council meeting on October 23 last year and the ministers have now endorsed the decision, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD), a think-tank in Bangladesh.

"Since Bangladesh will obtain the LDC-related trade benefit even after graduation, it has created an opportunity for all other graduating LDCs as well," he said.

He said Bangladesh can now negotiate for trade benefits with the European Union, China, India, the UK, South Korea and other countries where it qualifies for the facility.

Bangladesh, however, will not enjoy trade benefits in the US even though the American negotiator endorsed the extension. This is because the world's largest economy currently has no preferential duty programme for the LDCs.

Bangladesh's international trade has grown mainly riding on the duty benefit under the LDC category. Currently, 73 percent of the country's shipments enjoy the LDC-linked market access, which has played a key role in making the nation the second-largest apparel supplier worldwide after China.

In fact, the country is the highest beneficiary of the duty-free trade benefit among 45 LDCs.

CPD's Rahman said no decision on the Trade-Related Aspects of Intellectual Property Rights (TRIPs) was taken at the summit. This means Bangladesh will not be eligible for the waiver of patents in producing pharmaceutical products after the transition.

It was not immediately clear whether the EU would continue the benefit beyond what it usually grants to graduating LDCs following the latest development in Abu Dhabi.

The bloc gives a three-year grace period to a graduating LDC. This already guarantees Bangladesh the trade benefit up to 2029.

"Beyond supporting least-developed members, WTO members took a step towards improving the clear and effective implementation of special and differential treatment for all developing countries in the key areas of standards for market access," said the European Commission in a statement on Saturday.

In Abu Dhabi, the member countries could not reach a consensus on some major issues like fisheries subsidies and public stockholding of food.

Source: thedailystar.net– Mar 04, 2024

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Bangladesh: With a full value chain, non-cotton apparel exports can hit $42b by 2032

Bangladesh has the potential to raise its non-cotton apparel exports to $42 billion by 2032, from the current $15.6 billion, provided it establishes a fully integrated value chain, according to a recent study.

To develop the value chain, the country needs to invest around $18 billion in yarn, fabric and garment manufacturing, according to it. Besides, the key challenges for establishing the value chain are a lack of technical know-how and limited upstream capacity.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) published the study findings at a press conference at its headquarters in Dhaka's Uttara on Sunday.

The study, titled 'Beyond Cotton: A Strategic Blueprint for Fibre Diversification in Bangladesh's Apparel Industry', found that the use of non-cotton fibres in garment production in Bangladesh has increased to 29 per cent from 25 per cent over the past three years.

To explain the rise, the study notes that local apparel exporters are diversifying into man-made fibres to get better prices and secure more business.

The research was conducted by Indian firm Wazir Advisors Pvt Ltd, with the support of BGMEA.

"Over the past five years, there has been a notable surge in global non-cotton fibre production, capturing an impressive 78 per cent share of total fibre production," said Varun Vaid, business director of Wazir Advisors Pvt Ltd, while presenting the key findings at the press conference.

In contrast, global cotton fibre production has declined during the same period.

Mr Vaid said Bangladesh's share of non-cotton apparel exports is still lower than cotton apparel exports, but it is increasing rapidly. This indicates a growing buyer preference for sourcing all types of apparel from the country.

However, the study also found that Bangladesh's cotton apparel exports are highly concentrated, primarily focusing on four categories -- tee shirts, jerseys, and woven trousers -- accounting for 63 per cent share. As Bangladesh approaches graduation from least developed country status in 2026, the government and industry leaders are negotiating to extend duty-free global market access until 2032.

In this context, the country should aim to achieve a sustained double-digit growth rate in non-cotton apparel exports, with the aspiration of increasing earnings to $42 billion, according to the study report. To realise this vision, the report recommends developing a dedicated policy for the non-cotton industry, encompassing a clearly defined vision, mission and actionable points that specifically address the key challenges of insufficient technical expertise and limited upstream capacity.

The report also says that an $18 billion investment in the non-cotton segment would create an additional 1.8 million jobs. Lack of technical know-how and limited upstream capacity have been identified as the key challenges for establishing a non-cotton value chain.

Speaking at the press conference, BGMEA President Faruque Hassan said they want to increase the global market share of locally made apparel from 7.87 per cent to 12 per cent by utilising non-cotton materials.

Local garment exporters are currently producing cotton garments while also increasing the volume of non-cotton shipments to secure new markets and get better prices, he noted. Mr Hassan said due to climate change, consumer preferences have shifted towards durable and sustainable products, leading to a recent increase in non-cotton fibre imports.

The BGMEA president said diversification of fibres does not necessarily mean a shift away from cotton fibre production. Responding to a question about the recent electricity price hike, Mr Hassan said any price increase in factory inputs has a negative impact as it raises production costs.

He requested the government to maintain the previous rate, citing the current challenges faced by the industry.

Source: thefinancialexpress.com.bd– Mar 04, 2024

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NATIONAL NEWS

Government working to expand textile sector's role in Viksit Bharat: PM Narendra Modi

Prime Minister Narendra Modi on Monday said that the government is working on expanding the role of the textiles sector in the journey of India becoming a developed nation by 2047. He added that the valuation of Indian textiles market has crossed ₹12 lakh crore and has seen doubling of FDI in the past ten years.

Speaking at the inaugural session of Bharat Tex 2024, Prime Minister Modi said, "We have resolved to make India a developed nation (Viksit Bharat) by 2047. We are working in a very wide ambit to further expand the role of the textiles sector in building a developed India. India's textile sector is deeply connected with the four main pillars of Viksit Bharat namely poor, youth, farmers and women. We are focussing on tradition, technology, talent and training."

He pointed out that the emphasis is on updating traditional designs to meet the demands of the contemporary world. Keeping in mind the concept of Five Fs - Farm to Fiber, Fiber to Factory, Factory to Fashion, Fashion to Foreign—which are elements of the entire value chain, he said that the government is encouraging farmers, MSMEs, weavers and exporters.

The Prime Minister stated that the valuation of the Indian textiles market has crossed ₹12 lakh from less than ₹7 lakh crore in 2014. There has been a nearly 25 per cent increase in production of yarn, fabric and apparel production. 380 new BIS standards are ensuring quality control in the sector. This has led to doubling of FDI in the sector in the last 10 years, added.

Value chain ecosystem

He said that the establishment of seven PM MITRA Parks in various States will create new opportunities for the textile sector. "Our endeavour is to establish the entire value chain ecosystem in a single place where modern infrastructure with plug and play facilities are made available. This will not only improve scale of operations but also bring down logistics costs,"Modi explained.

Referring to the employment potential and participation of the rural population and women in textiles sectors, the Prime Minister said that 7 out of 10 apparel makers are women and in handloom, the number is even higher. He emphasised that the steps taken in the last 10 years by the government has not only made Khadi a strong medium of development and jobs but has also grown India's profile in cotton, jute and silk.

PM Modi said that the government is supporting cotton farmers and is buying cotton from them. He said Kasturi Cotton, launched by the government, will be "a big step" in creating India's brand value globally. He added that India is also focusing on emerging sectors such as technical textiles offering scope for new start-ups.

He added that on one hand while there is growing focus on technology and mechanisation on the other hand there is also demand for uniqueness and authenticity and India has a place where both these demands can co-exist.

"Today a people's movement is going on in the country for 'Vocal for Local and Local to Global'," he said while stating that the Indian textile sector should focus on tapping into the potential of exports. The PM underlined that the government is readily available to function as a catalyst and work towards fulfilling the dreams of the people, as he urged the industries to come forward with a new vision that caters to the world's needs and diversifies their markets.

Source: thehindubusinessline.com– Feb 26, 2024

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Moody's raises India growth forecast to 6.8% on stronger economic data

Global rating agency Moody's on Monday raised India's growth forecast for 2024 calendar year to 6.8 per cent, from 6.1 per cent estimated earlier, on the back of 'stronger-than-expected' economic data of 2023 and fading global economic headwinds.

India's real GDP expanded 8.4 per cent year-over-year in the fourth quarter of calendar year 2023, resulting in a 7.7 per cent growth for full-year 2023.

Capital spending by the government and strong manufacturing activity have meaningfully contributed to the robust growth outcomes in 2023, Moody's Investors Service said.

With global headwinds fading, the Indian economy should be able to comfortably register 6-7 per cent real GDP growth, it added.

"India's economy has performed well and stronger-than-expected data in 2023 has caused us to raise our 2024 growth estimate to 6.8 per cent from 6.1 per cent. India is likely to remain the fastest growing among G-20 economies over our forecast horizon," Moody's said in its Global Macroeconomic Outlook for 2024.

For 2025, the GDP growth is estimated at 6.4 per cent.

The agency said high-frequency indicators show that the economy's strong September and December quarter momentum carried into the March quarter of 2024.

"Robust goods and services tax collections, rising auto sales, consumer optimism and double-digit credit growth suggest urban consumption demand remains resilient. On the supply side, expanding manufacturing and services PMIs add to evidence of solid economic momentum," Moody's said.

This year's interim budget targets capital expenditure allocation of Rs 11.1 lakh crore or 3.4 per cent of GDP in 2024-25 (fiscal year 2025), 16.9 per cent above the 2023-24 estimates.

"We expect policy continuity after the general election and continued focus on infrastructure development," Moody's said.

The agency said while private industrial capital spending has been slow to pick up, it is expected to pick up with ongoing supply chain diversification benefits and investors' response to the government's Production Linked Incentive scheme to boost key targeted manufacturing industries.

The year 2024 is an election year for several G-20 countries including India, Indonesia, Mexico, South Africa (Ba2 stable), the UK and the US.

Implications of elections can go beyond borders and economic and public policy in today's increasingly fractious world, it said.

"Leaders elected this year will influence domestic and foreign policies for the next four to five years. Businesses are accordingly responding to evolving geopolitical dynamics by reorganizing supply chains and capital sources," Moody's said.

It said geopolitical realities will be influencing international trade flows, capital flows, international migration trends and international organizations in the years to come. Domestically, industrial and trade policies of several countries are intertwined with foreign policy.

Source: business-standard.com– Mar 04, 2024

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Textile demand to determine price trajectory in cotton

Even as the demand for cotton from the textile mills remains subdued, traders say the surge in domestic cotton prices in the last two weeks will depend on the demand for textiles and apparels.

According to Nishanth Asher, secretary of the Indian Cotton Federation, more than 60% of the cotton produced this season has come to the market. With prices going up, arrivals have reduced from 1.8 lakh bales a day to nearly one lakh bales. “Spinners are risk averse now as the global demand for textiles is low,” he said.

“It is hard to say now what will happen to the prices. World cotton prices went up 15% in the last two weeks and corrected 3% or so on Friday. Prices will cool down if demand for the main textile products remains subdued,” he added.

The International Cotton Advisory Committee on March 1 said the recent surge in global cotton prices “can be attributed primarily to a wave of speculative buying on the futures market.” The real situation will unfold in the next few months when plantings intensify. If the planted area remains less than the previous season and consumer sentiment improves, prices will increase, it said.

Atul Ganatra, chairman of the Cotton Association of India, said the Intercontinental Exchange (ICE) futures market went from 80 cents to 103 cents for a pound in recent days and reduced slightly on March 1. At current prices, Indian cotton is cheaper than international prices and hence, cotton exports are likely to cross 20 lakh bales this season, he said.

Source: thehindu.com– Mar 02, 2024

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Revitalizing India's cotton saga: A blueprint for growth

India, the world's second-largest cotton producer, faces a critical juncture in its agricultural history. Despite its global standing, the livelihoods of Indian cotton farmers and millers are under threat due to declining cotton yields.

The Cotton Association of India (CAI) projects that production in the 2023-24 season will hit a 15-year low. From a peak yield of 572 kg per hectare in 2013-14, yields have plummeted nearly 30% to approximately 396 kg per hectare, significantly below the global average of 675 kg.

This reduction in yield has been prompting farmers to switch to other crops, with the CAI predicting a 10% decrease in cotton acreage next season, which could hurt production further.

Reasons behind drop in yields

India's cotton fields face several challenges. Bt cotton, once a revolutionary crop that was genetically modified to resist bollworms, is now falling prey to the pink bollworm. The latest sowing season saw this pest causing significant damage across the cotton belt in northern India. Additionally, unpredictable weather patterns and inconsistent monsoons are adversely affecting cotton, a water-intensive crop.

Despite these hurdles, India aims to become the world's leading cotton producer once again. This ambition is not beyond reach, but it will require a concerted effort to leverage collaboration and advanced technologies to make a significant turnaround.

Revitalising Bt cotton

The initial success of Bt cotton led to a heavy dependence on this genetically modified variant, side-lining crucial agronomic factors like soil health and water management, and also the planting of Refugia or non-Bt cotton crops to complement and augment the pest resistance.

This dependency has resulted in stagnant and then declining yields.
It's time to explore the development of new Bt cotton varieties, along with more effective insecticides and chemicals to combat the pink bollworm more efficiently.

The next generation of genetically modified cotton could be designed not only for pest resistance but also to increase yields significantly. This endeavour will necessitate a partnership among agricultural scientists, regulatory bodies, and the agrochemical industry, as reliance on outdated technologies is insufficient to meet the evolving challenges.

Precision agriculture

Cotton, as mentioned earlier, is a water-intensive crop. In a world that's increasingly water stressed and plagued by climate change, adopting precision agriculture techniques could be a game-changer.

Traditional flood irrigation methods are wasteful, whereas technologies like drip irrigation can significantly reduce water and fertilizer consumption while increasing yields. Recent studies suggest that drip irrigation could save 20-30% of fertilizer and 50-60% of water, boosting cotton production in the process.

In addition to more targeted water and fertiliser delivery, precision agriculture will also make it possible for more targeted delivery of nutrients. Nutrition is after all critical to yield.

Embracing digitisation

Digitisation is the next frontier for agriculture, with an immense potential to transform India's farmlands. There is no reason why it should not do the same for cotton. Drones, satellite technology, artificial intelligence, machine learning, sensor-based Internet of Things (IoT), can all help unlock greater yields.

Drones, for instance, can scan a large area for signs of pest infestation, alerting farmers to it before it has had the chance to spread. Satellites can be useful in monitoring, analysing and predicting weather patterns, empowering farmers with crucial information they can use to plan interventions.

Robotics and AI, meanwhile, acting in conjunction with sensor-based IoT can inform farmers about the timing, nature and quantity of interventions like what kind of crop protection product to use, how much of it to use and when to use it. It's the same for nutritional interventions. Technology can help farmers time nutritional intervention so that it is at its most effective.

The tried and tested

The efficacy of any new-age approach will only be enhanced when paired with tried and tested agricultural practices. With up to 74% of yields hurt due to weed infestation, early-stage weed management helps minimize harmful weed interventions. Hence age-old practices to boost soil health like crop rotation, compost application and green manuring can aid farmers.

At the end of the day, we need to turn the tide in the battle against falling cotton productivity. It's not just a matter of pride, or livelihood, it is also a matter of self-sufficiency. We don't want to become reliant on cotton imports to meet our needs. Especially when a turnaround in fortunes is achievable. As far as cotton is concerned, we need collective action, collaboration, and a shared commitment to usher in a new era of agricultural abundance and prosperity.

Source: livemint.com– Mar 04, 2024

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Bharat Tex 2024 concludes in New Delhi

India's largest global textile event, Bharat Tex 2024 concluded on 29th February 2024 in New Delhi, echoing the visionary 5F initiative championed by Prime Minister Narendra Modi. Inaugurated on 26th February, 2024 at Bharat Mandapam, the event marked a pivotal moment for the textile industry, drawing enthusiastic participation from both domestic and international stakeholders.

Organised by a consortium of 11 Textile Export Promotion Councils and supported by the Ministry of Textiles, Bharat Tex 2024 centered on the transformative journey from Farm to Fashion, resonating with the ethos of sustainability and innovation.

Over the course of four days, the event emerged as a nexus for trade, investment, and collaborative dialogue, garnering attention from policymakers, CEOs, and trade visitors worldwide.

Spanning an expansive 2 mn sq ft, Bharat Tex 2024 showcased the entire spectrum of the textile value chain, accentuated by the captivating narrative of Vastra Katha, a curated exposition celebrating the rich heritage and contemporary dynamism of textiles.

The event unfolded seamlessly across two cutting-edge venues, Bharat Mandapam and Yashobhoomi, both brimming with fervent participation and engagement.

Eminent global brands and retailers, including Coach, Tommy Hilfiger, Calvin Klein, and H&M, converged at the event, underscoring the international resonance of India's textile prowess.

From fabric giants like Toray and Lenzing to retail titans like IKEA and Target, the event witnessed a convergence of diverse stakeholders committed to shaping the future of fashion sustainably.

On the domestic front, India's textile landscape was vividly represented by industry stalwarts such as Reliance, Aditya Birla, and Welspun, among others, epitomizing the country's vibrant textile ecosystem and entrepreneurial spirit.

With 3,500 exhibitors, 3,000 buyers from 111 countries, and over a lakh trade visitors, Bharat Tex 2024 emerged as a beacon of collaboration, innovation, and opportunity.

Beyond its commercial significance, the event underscored India's commitment to fostering inclusive growth, empowering rural artisans, and advancing sustainable practices across the textile value chain.

Source: fashionatingworld.com– Mar 02, 2024

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It's time to shut WTO down

The WTO has just finished another ministerial meeting. One can be sure nothing or very little will come of it. There's a very strong reason for this.

Before the formation of the World Trade Organisation (WTO) in 1996 international trade rules were made and administered by a body called the General Agreement on Trade and Tariffs (GATT). It had been formed in 1948 to encourage trade and prevent protectionism.

This was done to prevent a repeat of the 1930s when widespread protectionism was seen to be a major factor contributing to the Great Depression because large scale protectionism shrank world markets and led to unused capacity.

The economics behind it all was straightforward. Things are made by combining capital and labour. The West, which ran the world then, said to the non-West "We have the capital which includes technology and you have the labour. Take our capital that is embedded in our goods but keep your labour." This logic persists even today.

But India and China have gone around it in their own ways. India exports labour by embedding it in services and China exports goods by embedding its cheap labour in them.

So for the last 20 years there has been an ongoing tussle between the West and the non-West to gain the upper hand in trade access. However, despite the efforts of the WTO, it has been a stalemate. Trade-wise, therefore, the world is in a cul de sac.

Everyone is now negotiating from a position of weakness, which is bad because it results in an inbuilt incentive to break fairness rules. That is, everyone cheats by whatever means they can and tries to obtain more than a fair share. It's like ticketless travel: high returns and low penalties if you are caught.

The cheating game

Free trade agreements are exactly that. And they are proliferating because they are beneficial and allow participants to hide behind the thick curtain of sovereignty. They also legitimise the trading interests of the bigger economies.

So the big fish eat the small ones and, astonishingly, the small fish don't mind, at least not very much. For example, look at Canada and Mexico who, along with the US, are members of the first FTA signed in 1993, NAFTA. Despite grumbling Mexico and Canada are still members.

This is the main reason why multilateral trading rules will simply wither away unless the WTO is reformed. But the question is how.

Should the answer come from politics or law or economics? If all three, as would be sensible, which of them should have primacy?

When GATT started it was premised on economics, specifically, the theory of comparative advantage. The law was based on fairness, and politics was kept out.

Over the years, politics has taken over and now uses the laws/rules to gain whatever short term ends are needed to be achieved. Economics has gone out of the window and comparative advantage has been given a quiet burial.

That's why the WTO's exhortations lack credibility now. No one pays much attention to them. It's like a test being administered in a rowdy school. The candidates cheat with impunity while the invigilator mumbles on and on.

Thus, in many ways, the WTO has become like the UN. It is important as a forum but of marginal usefulness in real situations because the US formed all those little military groups like NATO, SEATO, CENTO etc.

Back to basics

The question, as we near the end of the first quarter of this century, is whether it's worth saving the WTO. The answer must begin with another question: as its predecessor GATT did, has the WTO served any major purpose?

Examine it dispassionately. You will find that in the 38 years of its existence, GATT managed to open up world markets to pre-world war one levels. In the 28 years of WTO since 1996, the world has slowly gone back to the post-world war two approach to trade. It's been an unmitigated disaster.

And this has happened because comparative advantage has shifted away from the West to the non-West, which has responded foolishly, as in the case of high caps for agricultural subsidies, to name just one example. That is, the shift has led, paradoxically, to the breakdown of the multilateral trading system that GATT had created.

Personally, I think the WTO can't be saved. It was flawed in conception and worse in execution. Altogether the best thing would be to just shut it down.

In its place should come an organisation that brings together trading blocs as members. Then everyone can negotiate from a position of strength, which will reduce the incentive to cheat and increase the incentive to cooperate.

Source: thehindubusinessline.com– Mar 03, 2024

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Section 43B(h): Is Finance Ministry revising the new rule for payment to MSMEs within 45 days?

Section 43B amended under the Income Tax Act to insert Clause (h) by the Finance Act of 2023 to address the issue of delayed payments faced by MSMEs from their buyers is likely to be revised by the government. The clause, to be effective from April 1, 2024, disallows expenses to buyers on invoices from micro and small enterprises (MSEs) unless paid within 45 days (where agreement exists) and within 15 days if there is no agreement.

"The government is considering the request to see if there is any scope of the amendment to the clause so that the credit cycle of MSMEs is not disturbed and those not aware of the change get ample time to avoid any probability of liabilities," a source in the know told FE Aspire.

Emails sent to the Finance Ministry didn't elicit an immediate response for this story.

Earlier this month, the Clothing Manufacturers Association of India (CMAI), the industry body for clothing manufacturers, had urged the government to extend the time limit for receiving payments from buyers to a maximum period of 90 days by March 31, 2025 and 60 days by March 31, 2026 before reducing it to 45 days by March 31, 2027.

"The garment industry, being extremely fragmented and informal in nature, is hugely dependent on intra-sector credit support extended among its players and does not enjoy credit facilities provided by the formal banking sector. The normal credit period in the industry ranges from 90 to 120 days, often extending to 180 days," said CMAI in a statement.

In a letter to Finance Minister Nirmala Sitharaman on February 10, traders' body CAIT also called for postponing the implementation of clause (h) to "given the lack of clarity surrounding the applicability of the law to traders and other related provisions," it said in a statement.

CAIT appealed to the government to postpone the implementation from April 1, 2024, to April 1, 2025, to provide traders with a one-year deferral period.

According to the government guidelines, retail and wholesale traders registered with the MSME Ministry through the Udyam portal are eligible for priority sector lending benefits only.

“The law is good and will streamline the payment mechanism but the awareness among traders is not there,” Praveen Khandelwal, Secretary General, CAIT told FE Aspire.

However, the new clause (h) may not turn out to be as impactful as it is envisaged.

According to Rajiv Chawla, Founder and Chairman of SME network IamSMEofIndia, invoices issued before April 1, 2023, as well as outstanding dues as of March 31, 2023, remain unaffected by the amendment and no check or consequences apply to delays in payments to MSEs during the financial year if the payments are settled by March 31, 2024.

This implies that if an invoice raised on April 1, 2023, is paid on March 31, 2024 (after a full year), the expense will be permissible and consequently, there is minimal impact on payment delays during the year or delays in settling previous dues, he said.

Moreover, Chawla said the buyer’s responsibility is to settle all invoices as of 16th February’24 (where 45-day agreement) and invoices as of 17th March’24 (if no specific agreement exists) within the fiscal year, ending by March 31, 2024.

“So where’s the worry, unless someone actually has no intention of paying for purchases during this fiscal?” he added.

According to the delayed payment monitoring portal by the government MSME Samadhaan launched in October 2017, 1.76 lakh applications have been filed so far by MSMEs against their buyers for delaying payments. This involved Rs 41,105 crore stuck for such MSMEs of which only 34,551 cases involving Rs Rs 6,052 crore have been disposed so far by the MSE Facilitation Councils in the country.

Source: financialexpress.in– Feb 29, 2024

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February GST collection increase of 12.5% shows strong economic growth and domestic consumption story, say experts

Experts said that Gross Gross Goods and Services Tax (GST) revenue collected for February 2024 at Rs 1.68 lakh crore, posting a 12.5 per cent increase compared to the same month in 2023, shows the robustness of the Indian economy and a strong consumption story.

Abhishek Jain, Partner and National Head, Indirect Tax – KPMG in India, said, “A strong 12.5 per cent growth in overall GST collections and specially 13.9 per cent growth in GST collections from domestic transactions have added to the cheer of 8.4 per cent growth in GDP in Q3. This collectively shows the robustness of the Indian economy and domestic consumption story going strong.”

Per the data released by the Ministry of Finance, the 12.5 per cent growth in GST revenue collection was driven by a 13.9 per cent rise in GST from domestic transactions and 8.5 per cent increase in GST from import of goods. GST revenue net of refunds for February 2024 is Rs 1.51 lakh crore which is a growth of 13.6 per cent over that for the same period last year.

As of February 2024, the total gross GST collection for the current fiscal year stands at Rs 18.40 lakh crore, which is 11.7 per cent higher than the collection for the same period in FY 2022-23, the release by the ministry stated.

The average monthly gross collection for FY 2023-24 is Rs 1.67 lakh crore, exceeding the Rs 1.5 lakh crore collected in the previous year’s corresponding period.

The ministry further added that GST revenue net of refunds as of February 2024 for the current fiscal year is Rs 16.36 lakh crore, up 13.0 per cent from that for the same period last year.

Gunjan Prabhakaran, Partner & Leader, Indirect Tax, BDO India, said, “The GST collection numbers continue to show a significant growth on a year-on-year basis, with GST collections in February, 2024 at Rs 1.68 lakh crore, showing a y-o-y growth of 12.5 per cent (despite a minor decrease of ~ 2.2 per cent on a month on month basis).

This increase in GST collections seems to be on the basis of growth in economic activity, especially with the GST collections from major states such as Maharashtra, Karnataka and Gujarat showing growth rates close to ~15 to 20 per cent on a y-o-y basis."

Saurabh Agarwal, Tax Partner, EY, added, "A recent rise in GST collections from smaller Indian states and union territories, including Jammu & Kashmir, Assam, Dadra Nagar Haveli, and Ladakh, suggests that economic growth is becoming more widespread and inclusive across the country."

Source: financialexpress.com– Mar 02, 2024

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Bharat Textile Expo to be an annual affair, says AEPC Chairman

He said the industry is working on sustainable production practices as it would help enhance the competitiveness of the sector in the international market.(PTI)

The mega textile exhibition — Bharat Tex 2024 — will now be held every year in the country as the first event which concluded last week witnessed participation of over 3,500 exhibitors and 3,000 buyers from 111 countries, AEPC said on Sunday.

The Apparel Export Promotion Council (AEPC) said that as many as 63 agreements were announced during the expo with international institutions focusing on collaborations in research, innovation, entrepreneurship, new product development, skilling and sustainability.
"The Bharat Tex expo will be an annual affair," AEPC Chairman Sudhir Sekhri said in a statement.

He said the industry is working on sustainable production practices as it would help enhance the competitiveness of the sector in the international market.

He added that the mantra given by Prime Minister Narendra Modi to boost textiles exports through 5F – Farm to Fiber, Fiber to Factory, Factory to Fashion, Fashion to Foreign — will energise the textiles export sector.

Source: financialexpress.com– Mar 03, 2024

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SIMA cautions against panic buying as cotton prices rise

The Indian textiles and clothing industry, primarily reliant on domestically grown cotton, faces a tumultuous period marked by surmounting challenges. Despite grappling with issues like high capital costs, tariff barriers, and soaring power expenses, the sector traditionally leveraged competitive domestic cotton prices against international counterparts.

However, the tide turned following the removal of cotton from the Essential Commodities Act in February 2007 and its subsequent inclusion on the MCX cotton trading platform. This move ushered in an era dominated by multinational cotton traders, leveraging cheaper funds and hedging facilities abroad.

MSME spinning sector squeezed by supply shortages

India's MSME spinning segment, constituting over 85 per cent of the total spinning capacity, finds itself in a perennial struggle to secure cotton, especially during the peak season from November to March. Limited working capital, compounded by exorbitant interest rates and a mandatory 25 per cent margin, hamper procurement efforts.

Consequently, to bridge the deficit during the off-season (April to October), spinners resort to trade purchases and imports. The existing 11 per cent import duty on all cotton varieties except ELS cotton further exacerbates dependence on traders during lean periods, particularly when market prices fall below the Minimum Support Price (MSP), necessitating intervention from the Cotton Corporation of India (CCI).
Global cotton dynamics: Oversupply looms

Internationally, Australia anticipates a cotton production of 4.7 million bales with arrivals expected from May 2024 onwards. Meanwhile, Brazil forecasts its largest-ever cotton harvest of approximately 14 million bales, positioning itself as the world's leading cotton exporter. With crop arrivals projected from June 2024 onwards, the global market is poised for a surplus post-July 2024.

Against this backdrop, fabric, garment, and made-ups segments, typically bound by three to four-month export contracts finalized in February and March, confront mounting challenges.

Increased yarn prices, driven by speculative cotton pricing, impede their ability to meet export commitments. Addressing this recurring issue necessitates the implementation of a comprehensive "National Fibre Policy" ensuring raw material security and fostering harmony across the textile manufacturing spectrum. Such a policy framework would level the playing field among industry stakeholders, ensuring sustained growth and competitiveness.

Industry voices alarm: Cotton price surge

In press release, S K Sundararaman, Chairman of The Southern India Mills' Association (SIMA), sounded the alarm over a sudden surge in cotton prices. Within a mere 15 days, cotton prices skyrocketed by 10 to 12 pr cent, sparking panic across the textile value chain. The price of Shankar-6 variety surged from Rs. 55,300 to Rs. 62,000 per candy, intensifying industry concerns.

Sundararaman of SIMA revealed that the Committee on Cotton Production and Consumption (CoCPC) forecasts the cotton crop size for the 2023-24 season at 316.57 lakh bales, with imports estimated at 12 lakh bales. Consumption is projected at 310 lakh bales, with exports at 25 lakh bales, leaving a closing stock of 57.65 lakh bales. He highlighted a surge in mill sector capacity utilization to 80 per cent to 90 per cent, up from 70 per cent to 75 per cent, with approximately 20 lakh bales already contracted for exports. Anticipating a decline in export demand as international cotton prices align with domestic rates, he assured of ample cotton availability owing to the high closing stock.

With 215 lakh bales of cotton already in the market by February 2024, daily arrivals surpassing a lakh bales, Sundararaman noted the influx of high-quality cotton this season. However, he cautioned that the sharp price hikes primarily benefit traders over farmers, posing a significant challenge for the industry.

Considering the global cotton landscape, he foresaw increased availability post-July 2024 due to heightened production in Australia, Brazil, and other countries. Expecting a subsequent softening of Indian cotton prices, he advised spinning mills against panic buying, emphasizing the comfortable supply position globally and the need for cautious procurement amidst prevailing rumors.

Call for government intervention

In a bid to stabilize prices and bolster industry competitiveness, Sundararaman urged government intervention. He advocated for a return to CCI's price stabilization policy implemented in June 2016, along with temporary exemptions from the 11 per cent import duty on all cotton varieties during April to October. Such measures, he argued, would mitigate import parity pricing and enhance export competitiveness, facilitating sustainable growth across the textile value chain.

Amidst global production surges and domestic supply uncertainties, the Indian textile industry stands at a critical juncture, clamoring for proactive policy measures to navigate the storm and emerge resilient.

Source: fashionatingworld.com– Mar 01, 2024

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Demand threads a delicate weave for most apparel retail companies

For the fourth consecutive quarter, the apparel retail sector has delivered a muted performance. Despite the festival and wedding seasons, most retail majors saw low single-digit growth or a decline in same-store sales. What exacerbated the already-muted demand environment was rising inflation and an inauspicious period (shradh) during the quarter.

While revenue growth for the retail majors was in the 20–25 per cent range year-on-year, this was largely driven by new store additions. The outlier in the listed space was Trent, which delivered revenue growth of over 50 per cent, led by store additions and 10 per cent like-for-like growth.

IIFL Research points out that aggregate sales in the coverage universe grew by 12 per cent, excluding Trent, while growth was 7 per cent when comparing the July-September and October-December quarters to the respective year-ago periods.

Overall demand trends remain subdued, and management commentary across the board does not paint a rosy picture for the near term, say analysts at the brokerage, led by Percy Panthaki.

PhillipCapital (India) also believes that growth in the short term will be tough to come by. Research analysts Ankit Kedia and Rahul Jain of PhillipCapital state, “Despite the shift of peak winterwear demand to January 2024, the short-term outlook stays challenging, as the majority of the retailers haven’t seen a substantial shift in the consumption trend in the fourth quarter of 2023–24 (FY24). Hence, we expect like-to-like sales to remain flat.”

While margins expanded in the December quarter, there could be some pressure on the raw material front. Profitability improved in the quarter as gross margins expanded by 28 basis points (bps) over the year ago, aided by falling raw material prices for the 18 retail companies tracked by PhillipCapital.

The brokerage points out that the average cotton price corrected by 30 per cent and 15 per cent, respectively, for the nine months of FY24 and the third quarter of FY24 as compared to the year-ago periods. Prices of

Indian cotton increased in February by 5 per cent on account of lower crop arrivals. This could impact the margin outlook of the apparel majors.

At the operating profit level, Trent stood out, registering a growth of 85 per cent. Margins grew by 336 bps to 18.8 per cent. While Page Industries reported flat sales over the year-ago quarter despite volume growth of 4.5 per cent, margins grew 263 bps to 18.7 per cent.

Aditya Birla Fashion Retail (ABFRL) reported a 16 per cent growth in revenues, while operating profit was 27 per cent higher. Margins came in at 13.3 per cent, which was 141 bps higher than the year-ago quarter.

The beat on operating profit was led by better-than-expected margin performance in Pantaloons on the back of cost controls.

Trent remains the top pick in the apparel retail segment given the growth outperformance amidst a slowdown. While the stock is the key pick for Nuvama Research, it is cautious on Page Industries.

For Sharekhan Research and PhillipCapital, too, Trent remains the preferred pick. PhillipCapital is betting on Shoppers Stop among smallcaps while it is ‘neutral’ on ABFRL and Page Industries.

IIFL Research has a ‘buy’ on Trent and Shoppers Stop, while it has an ‘add’ rating on ABFRL, Page Industries, and Go Fashion (India).

Source: business-standard.com– Mar 04, 2024

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Tiruppur exporters spearhead ESG compliance for European market goals

Indian apparel and home textile exporters need to quickly move towards environmental, social, and governance (ESG) norms to achieve the goals set by the European market. Europe aims to have 50 per cent of imports produced under the principles of sustainable development by 2030. Tiruppur, India's garment cluster, has taken the lead in meeting these ESG goals, allowing exporters to strengthen their position in the European market.

India's Apparel Made-ups Home Furnishing Skill Sector Council (AMHSSC) is working to ensure the production of ready-made garments, made-ups, and home furnishings adhere to sustainability standards and certifications in line with ESG norms. The council has established a memorandum of understanding (MoU) with Bluesign Technology of Switzerland for Tiruppur exporters. Bluesign Certification is recognised by various leading European and American brands and buyers.

During an event organised by the Tiruppur Exporters Association (TEA) in Tiruppur, Daniel Rufenacht, chief executive officer of Bluesign Technology, Switzerland, explained the process of documentation and certification for sustainable production norms through a video presentation. Dr. Sakthivel, chairman of AMHSSC, stated that Tiruppur was at the forefront of adopting sustainability concepts on a global level. The Tiruppur cluster will be able to meet the requirements of European legislation expected to take effect in 2030.

K M Subramanian, president of the Tiruppur Exporters' Association, said at the event that awareness has been raised among Tiruppur manufacturers regarding sustainable production techniques, including zero discharge, green power generation, mass tree plantations, and rainwater harvesting.

Source: fibre2fashion.com– Mar 02, 2024

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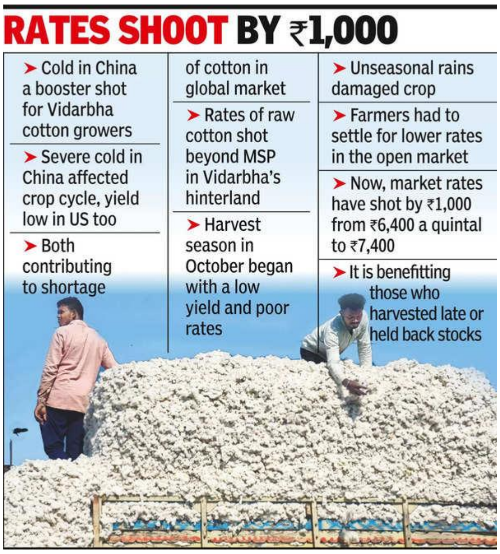
Cold weather in China, low yield in US a boost for Vidarbha cotton growers

Nagpur: Weather disruption in China and low yield in the US came as a late booster shot for cotton growers in Vidarbha, who are currently fetching a price slightly more than minimum support price (MSP) of Rs 7,020 a quintal. However, it may turn out to be a case of too little too late with most farmers having sold out their cotton yield when the market prices were well below the MSP.

Sources say that severe cold in China has affected the crop cycle there while the acreage in the US has sunken, both contributing to shortage of cotton in the global market. As a direct consequence, rates of raw cotton have shot beyond MSP in Vidarbha's hinterland.

Though farmers are fetching more than MSP now, it is clearly not enough when compared with the 2022 season when rates had touched Rs 13,000 a quintal.



In Vidarbha, the harvest season in October began with a low yield and poor rates. Unseasonal rains damaged the crop, thus not giving enough cotton yield which could command an MSP quality price. Therefore, farmers had to settle for lower rates in the open market. However, in less than a month, the market rates have shot up by ₹1,000 from a languishing price of ₹6,400 a quintal to ₹7,400, benefitting mostly those who either harvested late or had held back their stocks.

"At present, the average rate in Yavatmal is ₹7,400 a quintal and over ₹8,000 in Akot tehsil of Akola district," said Vijay Nischal, a cotton ginner from Yavatmal. Reports of low stock internationally have fueled the rates, he said.

Manish Jadhav of Swabhimani Shetkari Sanghatana said over half of the farmers have sold off their stocks. Moreover, in a number of market places, the rates are only marginally above the MSP.

Traders say that though on a higher side now, the rates may not remain at the peak for long. The international prices had touched $1.05 for a pound of lint (processed cotton), but have now settled at 97 cents which still keeps the prices above the MSP for Vidarbha farmers.

Prashant Mohta, the managing director of Gimatex Limited, said, “There are reports of extreme cold weather affecting the output in China. There were reports of a fall in US yields too. Besides, the demand for garments is bullish in China. Domestically this has taken the price of lint from ₹58,000- ₹59000 to ₹62,000 per candy. These are rates for processed cotton, which in turn, have made raw cotton sold by farmers costlier too,” he said.

Farm activist Vijay Jawandhia said the govt should incentivize cotton exports so that it further helps jack up the rates. “At this juncture, the rates have increased only due to international factors. The prices of cotton seeds still remain on the lower side,” he said.

Source: timesofindia.com– Mar 04, 2024

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