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Currency Watch			
USD	EUR	GBP	JPY
82.78	90.26	105.46	0.56

INTERNATIONAL NEWS

Industrial producer prices dip across euro area & EU in January 2024

In January 2024, industrial producer prices witnessed a significant downturn, declining by 0.9 per cent in both the euro area and the European Union (EU) from December 2023, according to Eurostat, the statistical office of the EU. This continuation of the downward trend mirrors the decreases observed in December, marking a consistent decline in prices across the region.

Over the year, from January 2023 to January 2024, prices plummeted by 8.6 per cent in the euro area and 8.4 per cent in the EU, underscoring a significant reduction in industrial costs.

Breaking down the data, the euro area saw a decrease of 0.2 per cent for intermediate goods and a sharp 2.9 per cent drop for energy in January 2024 compared to the previous month. Durable consumer goods also fell by 0.2 per cent, while non-durable consumer goods bucked the trend with a 0.3 per cent increase. When excluding energy, total industry prices in the euro area inched up by 0.2 per cent.

Similarly, the EU experienced a slight 0.1 per cent decrease for intermediate goods and a 2.5 per cent fall for energy. Prices for durable consumer goods dipped by 0.1 per cent, but non-durable consumer goods saw a modest 0.2 per cent rise. The total industry, excluding energy, also reported a 0.2 per cent increase across the EU.

Country-specific data revealed significant monthly price decreases in Slovakia (14.3 per cent), Poland (3 per cent), and Austria (2.2 per cent), while the most substantial increases were observed in Estonia (5.3 per cent), Ireland (4 per cent), and Czechia (2.4 per cent).

On an annual basis, comparing January 2024 with January 2023, the euro area saw prices decrease by 5.8 per cent for intermediate goods and a dramatic 21.3 per cent for energy. However, there was an increase of 1.1 per cent for durable consumer goods and 2 per cent for non-durable consumer goods. Excluding energy, total industry prices fell by 1.5 per cent.

The EU mirrored these trends with similar decreases and increases in the respective categories. The largest annual declines in industrial producer prices were seen in Ireland (21.5 per cent), Bulgaria (17.8 per cent), and Latvia (12.3 per cent), with notable increases in Luxembourg (15.0 per cent), Malta (0.7 per cent), and Slovenia (0.3 per cent).

Source: fibre2fashion.com– Mar 06, 2024

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China's exports likely slowed in Jan-Feb period as factories struggle

China's exports growth likely slowed in the January-February period, a Reuters poll showed on Wednesday, suggesting manufacturers are still struggling for overseas buyers and in need of further policy support at home.

Trade data for the January-February period is expected to show exports grew 1.9% year-on-year in U.S. dollar terms, according to the median forecast of 34 economists, down slightly from the 2.3% increase recorded in December. The data will be released on Thursday.

The head of the state economic planner said on Wednesday that China's exports for January-February rose by 10%, but did not state whether that was in yuan or dollar terms.

The customs agency publishes combined January and February trade data to smooth out distortions caused by the shifting timing of the Lunar New Year, which fell in February this year.

Chinese Premier Li Qiang on Tuesday announced an ambitious 2024 economic growth target of around 5% and promised to transform the country's development model, which is heavily reliant on exporting finished goods.

The world's second-biggest economy has been grappling with sub-par growth over the past year amid a property crisis and as consumers hold off spending, foreign firms divest, manufacturers struggle for buyers and local governments contend with huge debt burdens.
Manufacturing activity in China in February shrank for a fifth straight month, the government's purchasing managers' index showed on March 1, while new export orders decreased for an 11th consecutive month.

China's imports likely increased 1.5% in Jan-Feb, according to the poll.

But South Korean exports to China, a leading indicator of China's imports, fell 2.4% in February even though outbound shipments from Asia's fourth-largest economy performed far better than market forecasts.

Chip exports from China's neighbour soared last month, strengthening the view that a cyclical upturn in demand for electronic goods and semiconductors is propping up global growth.

The median estimate in the poll indicated that China's trade surplus would increase, with analysts predicting it will come in at $103.7 billion from $75.3 billion in December.

Source: business-standard.com– Mar 06, 2024

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China Sets 5% Economic Growth Target for 2024

China officially unveiled a 5 percent GDP growth target for 2024, which is the same as 2023's goal and in line with analysts' expectations.

In 2023, China's economy expanded 5.2 percent, falling short of Beijing's 5.5 percent goal.

The target was unveiled during the highly-anticipated "Two Sessions" meetings that opened in Beijing on Tuesday.

"Two Sessions," which stands for concurrent annual meetings of the National People's Congress and the Chinese People's Political Consultative Conference, usually lasts a week and outlines economic and policy strategies for the current year.

Other key economic figures, including the fiscal budget deficit, inflation target, and jobless rates, were also unveiled during the opening meeting of "Two Sessions." Delivering his first government work report as Chinese Premier, Li Qiang unveiled that China will target a 3 percent budget deficit, lower than last year's 3.8 percent.

The inflation target remains unchanged at 3 percent. The unemployment rate also remained unchanged at 5.5 percent, with plans to create 12 million urban jobs in 2024.

To stimulate the economy, Beijing plans to issue 1 trillion renminbi, or $138.9 billion, of ultra-long special central government bonds to alleviate private enterprise woes.

"The optimistic tone of the work report will hopefully inspire market confidence, and we expect economic conditions to improve significantly in the second half of the year as specific initiatives unfold," said Dan Liu, chief economist at Hang Seng Bank China. "The economic structure will continue to segway into one focused on high-tech and green economy."

As detailed by the work report, China's target for tech research and development will increase 10 percent year-over-year to reach 370.8 billion renminbi, or $51.5 billion. A 2.5 percent decline in energy consumption per unit of GDP will be 2024's target.

This year's moderate economic growth target has set "a bottom line" for policymakers, according to Zhaopeng Xing, senior China strategist at ANZ Bank New Zealand.

"It is well known that China will need at least 4.7 percent annual GDP growth to double its per capita GDP by 2035. So the target of 5 percent will likely be a bottom line for policymakers," wrote Xing in a memo. "To achieve 5 percent GDP growth, the economy will need more stimulus in 2024."

"The property sector will likely remain a prolonged drag on growth," added Lynn Song, chief economist of Greater China at ING. "But we do not see it boiling over into a full-blown crisis."

On the consumption front, Song said that weak consumer confidence and asset depreciation will lead to a theme of "eat, drink and play" for the year. "Food and beverages, entertainment, and travel and tourism sector" may continue to outperform this year, Song added.

Source: sourcingjournal.com– Mar 06, 2024

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UK retail's sector sees 5th consecutive monthly decline in Feb: BDO

Continuing its downward trend, the UK retail sector experienced a 1.3 per cent decline in total like-for-like (LFL) sales in February 2024 compared to a 6.4 per cent increase in the same month last year, according to the BDO High Street Sales Tracker report. This marks the fifth consecutive month of negative performance, the longest streak of such results since the pandemic-induced closures in 2020.

Store sales experienced a significant downturn, falling by 2 per cent from an 11.3 per cent increase in February 2023. However, non-store sales offered a slight reprieve, growing by 2.9 per cent despite a negative base of -1.2 per cent from last year, as per the report.

Sector-specific performances varied, with lifestyle sales seeing growth, likely buoyed by Valentine's Day sales. Conversely, fashion sales plummeted, marking the steepest decline since February 2021, while homewares also faced significant setbacks.

The report detailed a month of varied weekly performances, beginning with a slight increase in LFL sales in the first week, attributed to the prelude to St. Valentine's Day and the February school half-term. However, sales dipped in the final week of February, recording the lowest weekly result since March 2023.

Challenging weather conditions and the February half-term break contributed to decreased foot traffic throughout the month. Retail parks were the only segment to recover from a negative start, posting positive figures in the latter weeks.

The persistent negative trend underscores broader economic challenges, including ongoing inflationary pressures and the UK's recent dip into a technical recession. Discretionary spending remains constrained, further exacerbated by global supply chain disruptions.

Source: fibre2fashion.com– Mar 07, 2024

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Cotton prices in Brazil experience fluctuations in late Feb

In late February, cotton prices in Brazil experienced fluctuations, ranging between BRL 4.20 and 4.3 (~$0.85-0.87) per pound. The CEPEA/ESALQ Index for cotton saw a notable increase of 9.46 per cent between January 31 and February 29, reaching BRL 4.3645 (~$0.88) per pound by the end of February, according to a report from the Center for Advanced Studies on Applied Economics (CEPEA).

With the backdrop of global price levels, sellers in Brazil remained steadfast in their pricing strategies. Cotton growers, buoyed by the promising progress of the 2023-24 season, expressed reluctance to sell, citing a lack of immediate need. Conversely, players in the industry actively pursued both short-term and term contracts. Companies with urgent requirements were inclined to offer higher prices, particularly for superior-quality cotton, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

Data from Secretariat of Foreign Trade at the Ministry of Economy (SECEX/ME) revealed a significant surge in Brazilian cotton exports during February. Over a span of 10 working days, exports totalled 146.3 thousand tons, marking an impressive 239 per cent increase compared to February 2023.

Source: fibre2fashion.com– Mar 06, 2024

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French textile-apparel-leather manufacturing output up 3.1% MoM in Jan

French manufacturing output fell by 1.6 per cent month on month (MoM) in January this year compared to a 0.5-per cent rise in December last year, according to the National Institute of Statistics and Economic Studies (INSEE).

The manufacturing output of textiles, apparel, leather and related products increased by 3.1 per cent MoM in January 2024 compared to a 5.2-per cent MoM drop in December 2023. The same for the November 2023-January 2024 period increased by 2.6 per cent quarter on quarter and by 4.7 per cent year on year.

Overall manufacturing output in the country between November 2023 to January 2024 was 0.3 per cent higher YoY, an INSEE release said.

Energy-intensive domestic industries are particularly exposed to rising—or persistently high—production costs, which may affect their output. Output between November 2023 and January 2024 in such industries remained sharply down compared to that of the second quarter of 2021, i.e, the last quarter before the sharp rise of energy prices.

Source: fibre2fashion.com– Mar 07, 2024

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ICAC: Cotton review explores traceability legislation impact

The latest edition of "Cotton: Review of the World Situation" delves into a critical issue shaking the foundations of the cotton value chain: traceability legislation. While it may seem innocuous, the policies under development wield the power to reshape not only the cotton sector but the entire realm of natural fibers.

At the heart of the matter lies the indispensable link between sustainability and traceability. With over half of environmental claims made by companies found to be ambiguous or misleading, governments worldwide are rightfully crafting policies to ensure transparency, empowering consumers and rewarding genuine sustainability efforts.

Yet, the textile industry's intricacies present a challenge for legislators, risking the creation of legislation that fails to establish a level playing field for all fibers, both natural and synthetic.
This 35-page issue of the Review tackles the issue comprehensively, featuring insights from the four Permanent Committees within the ICAC's Private Sector Advisory Council (PSAC), spanning from producers and ginners to brands and retailers.

Additionally, contributions from industry experts such as Dalena White, Lorena Ruiz, Nate Herman, and Peter Wakefield offer diverse perspectives on the pressing issue.

As the cotton industry braces for regulatory changes, this issue serves as a roadmap for navigating the complexities of traceability legislation, ensuring a sustainable and equitable future for all stakeholders involved.

Source: fashionatingworld.com– Mar 06, 2024

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New orders in US' manufacturing sector decline 3.6% in January 2024

In January 2024, the US manufacturing sector experienced a downturn, with new orders for manufactured goods dropping $21.5 billion or 3.6 per cent to $569.7 billion, marking a decline for three of the last four months, according to the US Census Bureau. This contraction follows a 0.3 per cent decrease in December. Shipments also fell, down $5.7 billion or 1.0 per cent to $572.3 billion, continuing a trend of decline in four of the last five months.

Specifically, new orders for manufactured durable goods plummeted $18.1 billion or 6.2 per cent to $276.3 billion, slightly more severe than the initially reported 6.1 per cent decline. The decrease in January followed a modest 0.3 per cent drop in December. Manufactured nondurable goods weren't spared either, with a decrease of $3.3 billion or 1.1 per cent to $293.4 billion.

The shipments of durable goods fell $2.4 billion or 0.9 per cent to $278.9 billion, maintaining the previously reported rate of decline, while shipments of nondurable goods decreased by the same per centage, totalling a $3.3 billion decline to $293.4 billion.

On a positive note, unfilled orders for durable goods, continuing a strong trend, rose $2.1 billion or 0.2 per cent to $1,395.1 billion, marking an increase for thirteen of the last fourteen months.

Similarly, inventories of durable goods saw an uptick of $1.1 billion or 0.2 per cent to $527.4 billion, continuing a six-month increase streak. However, inventories of nondurable goods experienced a decrease of $1.9 billion or 0.6 per cent to $328.4 billion, indicating a decline for four consecutive months.

Source: fibre2fashion.com– Mar 06, 2024

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Asian exports to be adversely hit due to Red Sea disruptions: EIU

Asian exports will be adversely affected due to the disruptions arising out of the conflict in the Red Sea through increases in port dwelling times and shipping days, as well as changes in inventory management, according to Hong Kong-based Economist Intelligence Unit (EIU).

Imports are likely to be less affected than exports as many Asian countries are dependent on China (or India in the case of South Asia) for their inbound shipments, it noted.

Despite the rerouting of trade, data indicate that inbound vessels are less affected than outbound vessels for countries such as Singapore, Cambodia, New Zealand, Indonesia and Sri Lanka.

EIU expects small downward revisions to its forecasts for Asian growth in the first half of this year as a result of the disruption, which is likely to persist, and upside risks to our inflation forecasts.

Sub-regions more directly affected will include South Asia, for which most trade goes via the Suez Canal, and export-oriented economies in Southeast Asia such as Indonesia, Thailand and Malaysia.

An indirect impact will be felt across most Asian economies through increased shipping costs, particularly in food-dependent economies, EIU said in a note.

Import dwell times for countries like Japan, India and Australia have increased significantly, which may exert inflationary pressure tied to disruption in clearance and the smooth onboarding of new vessels.

Regardless of shipping disruption, it takes longer to ship from Bangladesh than other countries in south and south-east Asia because of the former's poor port infrastructure. EIU expects countries like Bangladesh to face a greater impact as manufacturers and warehouses shift their bases to other countries, like Indonesia, which would reduce lead time by 10 days in the medium term.

Source: fibre2fashion.com– Mar 06, 2024

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Yarn Expo Spring to welcome 500 exhibitors from 11 countries

To be held from Mar 06-08, 2024 at the National Exhibition and Convention Center (NECC) in Shanghai, Yarn Expo Spring will welcome over 500 exhibitors from 11 countries and regions, including Bangladesh, China, Germany, Hong Kong, India, Indonesia, Pakistan, Singapore, Taiwan, United Arab Emirates and Vietnam.

The exhibition will showcase a wide spectrum of the latest innovations across seven feature zones spanning 27,000 sq. m.

Some of these major zones include the Cashmere Yarn Zone, Fancy Yarn Zone, Chemical Fiber Zone, Linen Yarn Zone, Cotton Yarn Zone, Wool Yarn Zone, and Overseas Yarn Zone, which includes the India Pavilion and Pakistan Zone. The exhibition will host a series of seminars, forums and panel discussions concurrently to dive deeper into industry trends, a series of seminars, forums and panel discussions.

The show will offer unmatched sourcing opportunities for buyers with a strong international and domestic exhibitor lineup showcasing the latest yarn and fiber innovations, says Wilmet Shea, General Manager, Messe Frankfurt (HK).

The Overseas Yarn zone will host over 70 suppliers from 11 countries and regions. It will display a wide range of products focused on sustainable characteristics.

The exhibition will also host an India Pavilion featuring over 30 of the country's top suppliers in the cotton yarn industry. Products to be featured in this zone include pure cotton carding, pure cotton combing along with compact spinning, woven yarn, air-jet yarn, fancy synthetic filament yarn, Lyocell linen, Modal linen and Tencel, among others.

The Pakistan Zone will host 11 suppliers presenting cotton yarns and unfinished fabrics, as well as Apex Industries, showcasing organic cotton options.

Other notable international exhibitors at the event include Blinks International from Pakistan, specialising in raw cotton, cotton yarn and grey fabrics; PT Bintang Makmur Sentosa Textil Industri from Indonesia, highlighting spinning, weaving and finishing products; and Rütex GmbH from Germany, specialising in all standard yarns to specialties and development-intensive yarns.

Source: fashionatingworld.com– Mar 06, 2024

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Sri Lankan Apparel Manufacturers Make Traceability the Norm

Look out, South Asia—Sri Lanka's apparel industry isn't willing to disappear without a trace.

The company's apparel manufacturers have teamed up to proactively embrace the onslaught of legislation changes that could begin affecting the fashion and apparel industries in the coming years.

Sri Lanka's manufacturers have linked with Global Language of Business (GS1), the Asian Development Bank (ADB) and International Financial Reporting Standards (IFRS) to usher in an era focused on transparency and traceability.

The entities announced that, going forward, all pieces of apparel coming out of Sri Lanka will have a QR code tag affixed to them. Scanning the QR code will show stakeholders information about the brand, the materials used for the product, care instructions, guidelines for end of life, supply chain traceability and more.

Nick Allison, general manager government of GS1 New Zealand, explained that the new QR code tags will be accessible to consumers and worthwhile for stakeholders who need access to nitty-gritty details.

"QR codes powered by GS1 will appear familiar to consumers—they look just like standard QR Codes, but they also carry a barcode number (GTIN) and can do many more things than usual QR codes.

Think of it as a supercharged QR code opening the door to dynamic data that can be updated on every aspect of an apparel item," Allison said. "In the Sri Lanka project, GS1 is helping industry digitally share the likely ESG information requirements so that export market access is facilitated."

According to the Joint Apparel Association Forum Sri Lanka, in 2023, the country exported just over $4.5 billion in apparel products to global markets, which was down over $1 billion from 2022's record-high global export total of nearly $5.6 billion.

Though those figures lag behind the likes of China, Vietnam and Bangladesh, the Ceylon Chamber of Commerce released data in February that 39 percent of Sri Lankan exporters expect to see moderate growth in the country's economy in 2024.

Some fashion brands, like Mara Hoffman and Coach, have already introduced digital passport-style tags on some of their items and product lines. But global adoption has not yet occurred.

External legislative considerations

Sri Lanka's legislative policies did not dictate this move.

The country may be putting itself ahead of competing apparel exporters in South Asia as existing and pending regulations in the United States, United Kingdom and European Union indicate a concerted effort to dictate stronger supply chain transparency.

"Being ahead of trends and requirements, and having the digital knowhow, will help the industry expand its attractiveness to more global brands, many of which already see Sri Lanka as a choice location for manufacturing," Allison said.

Take for example, the U.S.' Uyghur Forced Labor Prevention Act (UFLPA), which bars any goods made or sourced, wholly or in part, in China's Xinjiang Uyghur Autonomous Region (XUAR). Since that regulation took hold, companies have scrambled to prove their supply chains are compliant with the UFLPA, in turn opening up broader conversations about the importance and relevance of supply chain traceability.

In the UK, the government has required companies to put forth an annual statement detailing the ways in which they have worked to ensure forced labor is absent from their supply chains under the Modern Slavery Act.

Meanwhile, aggression rages between European countries trying to secure final approval for the EU's Corporate Sustainability Due Diligence Directive (CSDDD), which France, Germany and Italy further muddied this week by voting against the proposed legislation.

If EU countries' leaders can come to a compromise, the regulation would mandate that companies in EU member states be held legally accountable for adverse environmental and human rights impacts coming from their respective supply chains.

The myriad of regulations coming swiftly toward the apparel industry could make Sri Lanka's new initiative valuable to the Global North, especially as iteration of sustainability legislation continues in some countries—and begins in others.

"Being up to speed with the requirements of the regulations positions the industry to compete globally and demonstrate its successful investment in progressing sustainability," Allison said.

The ADB and IFRS did not return Sourcing Journal's requests for further comment on their collaboration.

Source: sourcingjournal.com– Mar 06, 2024

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Slow regional integration affects Africa's global trade share: Report

Africa's share in global trade has steadfastly remained below 3 per cent, primarily driven by merchandise trade, indicating a stronger inclination for African countries to engage with the wider world rather than within the continent itself, according to the Economic Commission for Africa (ECA)'s latest report on regional integration. This finding was presented by Stephen Karingi, director of the regional integration and trade division at the ECA, during the precursor to the COM 2024 ministerial conference.

Despite noticeable efforts, the pace of Africa's regional integration appears sluggish. The report highlights mixed outcomes in infrastructure development under the Programme for Infrastructure Development in Africa, noting advancements in roads and ICT against limited progress in rail transport and energy infrastructure, with financing emerging as a significant hurdle.

A notable achievement in the realm of regional integration has been the adoption of the Agreement Establishing the African Continental Free Trade Area and the creation of the Single African Air Transport Market as part of the initial ten-year implementation plan of Agenda 2063 by the African Union. However, ratification of crucial protocols and advancements in peace, governance, and security have lagged behind expectations, as per the report.

Trade integration under the African Continental Free Trade Area, initiated in January 2021, has yet to significantly impact intra-African trade, which saw a decline from 14.5 per cent of global trade in 2021 to 13.7 per cent in 2022. Similarly, intra-African exports and imports as percentages of their total exports and imports respectively have seen a downturn.

Monetary and financial integration show that the inflation criterion remains unmet, with inflation rates soaring across many African countries in 2023. The report cites a general government gross debt average of 65.2 per cent of GDP for Africa in 2023, slightly up from the previous year.

The Single African Air Transport Market, now comprising 36 African Union members, is expected to increase flight frequencies and significant economic benefits. However, the energy sector faces challenges, with the proportion of the global population without electricity access residing in

Africa increasing to 77 per cent in 2020. Renewable energy sources, including green hydrogen, present viable solutions for 39 African countries to offer affordable and reliable energy.

“The rising number of unconstitutional changes of government highlights the ongoing challenges afflicting African countries, including weak governance, persistent poverty and limited employment opportunities,” said Stephen Karingi.

Source: fibre2fashion.com– Mar 06, 2024

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EU Reaches Provisional Deal on Forced Labor Ban

European Union policymakers arrived at a provisional deal on Tuesday to prohibit from the 27-member bloc's single market the sale and availability of goods made with forced labor.

The deal struck between the European Council and the European Parliament introduces "significant" modifications to the original proposal, including a "clarification" of the responsibilities of the European Commission and national competent authorities in investigating would-be breaches of the rule and deciding if the products in question should be banned, withdrawn or otherwise cast off.

"It is appalling that in the 21st century, slavery and forced labor still exist in the world," said Pierre-Yves Dermagne, deputy prime minister and minister for the economy and employment of Belgium, which will hold the European Council's presidency until the end of June.

"This hideous crime must be eradicated and the first step to achieve this consists in breaking the business model of companies that exploit workers. With this regulation, we want to make sure that there is no place for their products on our single market, whether they are manufactured in Europe or abroad."

While the proposal makes no mention of China because of the World Trade Organization's rules on non-discrimination, it's clearly stoked by mounting concerns over what many have described as the genocidal persecution of ethnic minorities in the Xinjiang Uyghur Autonomous Region, which Beijing has vehemently denied. But where the United States has chosen to target products from Xinjiang using a rebuttable presumption of guilt, the EU will cast a wider net, include itself in the bargain and require proof of malfeasance.

Both branches agree that the European Commission, their administrative engine, will establish a database with "verifiable and regularly updated" information about forced labor risks that can buttress the work of those assessing potential violations, including reports from international institutions such as the International Labour Organization.

This forced labor single portal will also include guidelines, best practices, a whistleblower portal and accompanying measures for micro, small and medium-sized enterprises that, while not exempt from scrutiny, will receive special considerations because of their more finite resources. A Union Network Against Forced Labour Products would "help to improve cooperation between authorities."

The agreement defines the "risk-based" criteria to be applied by the European Commission and competent national authorities during their assessments, such as the scale, severity and state complicity of the suspected forced labor; the number or volume of products being made available on the European market; the share of the parts of the product likely to have been made with forced labor; and both economic operators' supply chain proximity to the suspected forced labor risks and their leverage to tackle them.

As for who will be in charge of investigations, if the alleged violation occurs outside the EU, then the European Commission will take point. Where the supposed breach occurs in the territory of a member state, its competent authority will call the shots, with one caveat: if it discovers new information about the suspected forced labor, it must inform its counterparts in similarly afflicted member states. Likewise, it must alert the European Commission if the offending activity occurs outside the EU. The authority helming the investigation will also be the one that will decide the product's ultimate fate. This decision will apply in all other member states based on the "principle of mutual recognition." In cases where the product is deemed critical, the competent authority can choose not to require its disposal but instead order the economic operator to suspend its circulation until no more forced labor is taking place.

Another of the provisional agreement's clarifications is that if a violating part of a product is replaceable, the order of disposal doesn't extend beyond that part. This, however, applies only if the part can be removed, such as a component in a car. If, on the other hand, the tomatoes used to make a sauce are grown and harvested using forced labor, then the entirety of the sauce is considered tainted.

For the regulation to enter into force, the European Council and European Parliament will each have to give their final signoff. EU countries will have three years after it's endorsed to start applying the new rule.

The European Parliament noted that because the forced labor regulation focuses on products, it will not yoke companies that don't harbor forced labor in their supply chains with additional due diligence requirements.

That would fall under the corporate sustainability due diligence directive, which was also provisionally agreed between the European Council and European Parliament but "has so far not been given a final O.K. from the Council."

"This law is groundbreaking in the field of human rights," said Dutch Member of the European Parliament and co-rapporteur Samira Rafaela. "It will prevent forced labor products from entering our market. And it has several references to remediation. It is a step forward in achieving fair trade and cleaning up supply chains, while prioritizing human rights. To combat forced and state-imposed labor, we must work with like-minded partners and become a strong ally in the global fight against forced labor." Civil society groups admitted to mixed feelings. While such a regulation is vital to rooting out modern slavery, they say, it could go further than proposed.

"Without an obligation to remedy harm, workers affected by forced labor will remain vulnerable," said Helene de Rengervé, senior EU advisor at Anti-Slavery International. "Without lower evidentiary thresholds, it will be difficult for workers in forced labor and their allies to bring up complaints against abusing companies. And, as it stands the regulation will not sufficiently address state-imposed forced labor at scale to aid the 3.9 million people forced to work by the very institution supposed to protect them, their government."

The EU's forced labor regulation is a "step in the right direction," agreed Ruslan Myatiev, director of Turkmen.News in Turkmenistan, where a state-sponsored forced labor system underpins the country's cotton industry. "What is unfortunately missing is an obligation on companies to publicly disclose their suppliers and raw material sourcing, which would drive accountability."

But Ana Hinojosa, former executive director of U.S. Customs and Border Protection and an advisor at supply chain forensics firm Oritain, warned of pitting "perfect" against "pretty good" at the cost of potential delays in implementation that "could result in effectively winning a battle but losing the war."

“I have lived in the EU and been exposed to the decision-making process,” Hinojosa said. “It is very difficult, and the progress made to date is very commendable. For interested stakeholders seeking to get everything they want out of this proposal, I would just caution against trying to put in so many additional steps and processes before enforcement, that it waters down the regulators’ ability to take action.”

Writing on LinkedIn, Xinjiang expert Adrian Zenz questioned if the regulation can take a swing at Uyghur forced labor.

“That’s because the burden of proof of forced labor remains on investigating authorities,” he wrote. “While the legislation would include a database mechanism that can specify regions at high risk of state-imposed forced labor, I have not yet seen an effective way in which such a database mechanism by itself can counter systemic state-imposed forced labor as is found in Xinjiang without being complemented with a reversal of the burden of proof.”

Such a reversal is necessary, he said, because of the unique character of state-sponsored forced labor, which is “extremely problematic to assess in specific instances” due to the challenges of conducting due diligence among members of a threatened group in a “pervasive police state.”

“The presence of a database entry alone can trigger an investigation, but how is the Commission going to follow this through by proving the presence of forced labor in products from Xinjiang at evidentiary standards typical for company-based forced labor, given local contextual dynamics?” Zenz asked.

Source: sourcingjournal.com– Mar 05, 2024

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H&M, TPG, and Northvolt Investor Launch $60mn Initiative to Cut Fast Fashion Emissions with Syre's Eco-friendly Factory

H&M, TPG, and Northvolt Investor Launch $60mn Initiative to Cut Fast Fashion Emissions with Syre's Eco-friendly Factory

In an unprecedented move to combat the environmental impact of fast fashion, H&M has partnered with private equity giant TPG and the visionary investor behind Northvolt, embarking on a groundbreaking $60 million venture. The collaboration aims to fund Swedish startup Syre's ambitious project to revolutionize polyester production, slashing emissions by up to 85% with a new factory in North Carolina. This initiative emerges as a beacon of hope against the backdrop of the textile industry's significant contribution to global emissions, notorious for its scant use of recycled materials.

Revolutionizing Polyester: Syre's Mission

Syre, under the leadership of CEO Dennis Nobelius, is on a mission to spearhead the 'great textile shift,' addressing the critical issue that all polyester, which constitutes over half of the global fibre market, is derived from oil. Nobelius's strategy involves making polyester circular, thereby drastically reducing its environmental footprint. With the textile industry being a major environmental offender, responsible for up to 10% of global emissions, Syre's approach could not be more timely. The startup has already secured a substantial $600 million deal with H&M, ensuring a significant portion of the fashion giant's need for recycled polyester is met sustainably over the next seven years.

Expanding the Horizon: Beyond Polyester

While the immediate focus is on transforming polyester production, Nobelius reveals that Syre's vision extends far beyond. The startup is exploring other fibres, with cotton identified as the next target due to its large market share. Syre's ambition is to establish a series of factories across North America, southern Europe, and Asia, requiring substantial investment. Talks are underway with major global brands, including Ikea, showcasing a widespread recognition of the need for sustainable textile solutions and the impending scarcity of resources.

The Broader Impact: From Fashion to Automotive

Syre's innovative circular polyester not only promises to revolutionize the fashion industry but also holds potential across various sectors, including automotive and home interiors. The use of circular polyester in products such as car seat coverings, airbags, and sofa fabrics could significantly reduce the environmental impact of these industries as well. Nobelius estimates that adopting circular polyester could add a mere $0.50 per garment in cost, a small price to pay for a substantial reduction in carbon footprint. With a goal to produce 3 million metric tonnes of circular polyester by 2032, Syre is poised to capture about 3% of the market share, marking a significant step towards sustainability in textiles and beyond.

As this innovative venture unfolds, the potential implications for the global textile industry and environmental sustainability are profound. H&M, TPG, and the investor behind Northvolt have not only committed to a significant financial investment but also to a vision of a more sustainable future. This collaboration between fashion, private equity, and environmental innovation could set a new standard for the industry, driving a much-needed transformation towards circularity and reduced emissions. The partnership's success could inspire further action across industries, making a lasting impact on global efforts to combat climate change.

Source: bnnbreaking.com– Mar 06, 2024

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Sky High: Air Cargo Demand Sees 18% Spike

The ongoing skirmish in the Red Sea appears to have made at least some impact on global air cargo demand to open 2024, with total cargo tonne-kilometers (CTKs) shooting up 18.4 percent compared to January 2023 levels.

Data from the International Air Transport Association (IATA) shows this is the second month in a row air cargo demand has seen double-digit annual growth, with January delivering the highest annual growth in CTKs since the summer of 2021. In total, the air cargo industry recorded 20.8 billion CTKs in January. CTKs for the month were also 2.8 percent up on pre-Covid 2019 levels.

International air cargo jumped 19.8 percent in the month, the IATA said. The jump in demand matches up with the pivoting of freight from ocean to air as container ships spurn the Red Sea, instead diverting their trajectory around Africa's Cape of Good Hope. Additionally, January saw another likely boost from a shift in the date of Lunar New Year, which started Jan. 22 in 2023. This year, Lunar New Year started Feb. 10, resulting in more shipments exiting China during January 2024.

"Because of the increase in transit time, companies in the U.S. East Coast and European importers had to switch to other alternatives to get their shipments," said Gautam Jain, CEO of freight management and logistics software provider GoComet. "The biggest alternative is by air."

Capacity, measured in available cargo tonne-kilometers (ACTKs), was up 14.6 percent compared to January 2023 (18.2 percent for international operations), which was largely related to the growth in belly capacity. International belly capacity rose 25.8 percent year over year on the strength of passenger markets.

From November to January, air freight rates increased on both the Asia-to-Europe and Asia-to-North America routes, according to GoComet data. The routes saw rates jump 125 percent to $12.30 per kg to Europe, and a whopping 554 percent to $32.77 per kg into North America.

Air freight rates into Europe peaked in December at $12.95 per kg, GoComet says, while costs for freight entering North America peaked in January at $32.77 per kg.

February rates for both trade lanes dipped from January numbers, declining 33 percent to $8.20 per kg for Europe-bound goods and 40 percent to $19.72 per kg for those headed for North America.

But the rates are still well up from their November numbers, when the Houthi attacks in the Red Sea began. Asia-to-Europe rates are up 50 percent since the month, while Asia-to-North America rates are still up 294 percent.

"[Air freight rates] have not come down to their initial levels," said Jain. "It is visible from the market trend that it is not coming down to that level because the attacks are still happening. The companies have to find ways to send the cargo to new facilities."

Jain believes these rates should stabilize within the next three-to-four months.

"The reason for that is because there are a lot of new ocean vessels which were ordered during the Covid times and now are coming into play," Jain told Sourcing Journal. "Due to that, there will be higher capacity available. When the higher capacity is available, then even if you have to take a longer route, the companies have more predictable demand and predictable supply because the disruption is not there."

The IATA said that all major air trade lanes have maintained their momentum from the past year, exhibiting positive growth across the board.

Europe to Asia saw an annual increase in CTK of 27.5 percent, with the organization indicating that it is possible that air freight volumes were assisted by demand diverted from maritime shipping constraints in the Red Sea. However, IATA was quick to point out that the data showed no clear-cut impact on month-over-month outcomes compared to traffic on other routes.

The association pointed to another one of its metrics as a barometer for the increasing demand. Cargo load factors (CLF), the percentage of actual available freight tonne-kilometers, have seen their first positive annual percentage point change in two and a half years.

Rising load factors are beneficial for airlines because they drive both revenue and profitability at a given capacity. In January, the airline industry recorded a CLF of 45.7 percent.

While this ratio is 0.4 percentage points lower than in the previous month, it represents a 1.4-percentage-point increase compared to January 2023.

Source: sourcingjournal.com– Mar 06, 2024

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Uzbekistan cotton sector to benefit from $715m agriculture boost

Having been actively engaged in supporting the Government and local banking institutions of Uzbekistan since 2018, ITFC has committed a total financing of $773m to the country.

• The first financial commitment of $600m, spanning the period of 2024 to 2026, was signed by Laziz Kudratov, minister of investment, industry and trade, IsDB governor of Uzbekistan, and Hani Salem Sonbol, CEO of ITFC is directed towards trade finance, agricultural and food security financing for the public sector, support for state-owned enterprises, and funding for SMEs in sectors such as pharmaceuticals, food and agriculture, textile, and manufacturing.

• The second $100m Murabaha Financing Agreement, was signed by Ilkhom Norkulov, first deputy minister of economy and finance, and Hani Salem Sonbol, CEO of ITFC. This financing arrangement seeks to boost food security and agriculture in Uzbekistan through the procurement of strategic agricultural commodities, thereby ensuring a stable supply of wheat throughout the year, stabilising wheat prices and providing vital support to local farmers.

• ITFC has also entered into a Line of Trade Financing Agreement with AgroBank and its subsidiary SmartBank, amounting to $15m. This agreement is to support SMEs and the private sector in Uzbekistan. The finance will extend Sharia-compliant trade finance solutions to the private sector and SME clients of AgroBank and SmartBank, focusing on sectors like food and agriculture, manufacturing, and textiles, with a special emphasis on financing green projects.

These accords were formalised on the sidelines of the Arab Coordination Group meeting, held from 4-5 March 2024, in Tashkent, Uzbekistan.

Another aspect of this collaboration is the “Trade Connect Central Asia+ (TCCA+)” Programme, a flagship initiative pioneered by ITFC. This programme targets the expansion and economic integration of trade cooperation among six countries: Azerbaijan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

Commenting on these agreements Sonbol, CEO of ITFC said: ” The agreements signed strengthen our collaboration with Uzbekistan and are a testimony of our commitment to the socio-economic development in Uzbekistan and the Central Asia region at large. We believe the projects and programmes that will benefit from the approved financing will positively contribute to national economic growth.

“We are pleased to be covering key sectors such as food security and the private sector which align with our focus on contributing to the achievement of the Sustainable Development Goals especially SDG 2 (Zero Hunger) and SDG 8 (Decent Work & Economic Growth).”

Source: just-style.com– Mar 06, 2024

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Vietnam's FDI sector earns $43.2 bn in Jan-Feb revenues; up 14.7% YoY

Vietnam's foreign direct investment (FDI) sector earned revenues worth $43.2 billion in the initial two months this year—up by 14.7 per cent year on year (YoY) and accounting for 72.8 per cent of the country's total export value.

Export of garments and textiles experienced strong growth as well.

Meanwhile, manufacturing of electronic products, garments, textiles, footwear and other products gave a boost to raw material imports, which marked a YoY rise of 18 per cent during the period.

The country witnessed a trade surplus of $4.72 billion during the period, with the FDI sector (including crude oil) recording a surplus of $8.25 billion.

The United States imported $17.4 billion worth of goods from Vietnam during the period—a YoY increase of 33.7 per cent. The latter ran a trade surplus of $15.2 billion with the former—up by 36.3 per cent YoY.

Almost all most-purchased items, including garments, textiles and footwear, were supplied by FDI firms.

The US market can offer more than $100 billion in export revenue annually to Vietnam by next year, if fully tapped, Do Ngoc Hung, trade counsellor and head of the Vietnam Trade Office in the United States, told a domestic news outlet.

More trade barriers have, however, been established by the United States to protect their domestic production, he noted.

During the two-month period, the country also exported $7.7 billion worth of goods to the European Union (EU)—a rise of 14.2 per cent YoY.

Source: fibre2fashion.com– Mar 06, 2024

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Bangladesh: Home Textile exports see 9.9 per cent growth in February

In February 2024, home textile manufacturers exported goods worth amount US $ 84.61 million, a 9.9 per cent YoY increase over the same month than the previous fiscal year. During the same period last year, the country earned US $ 77 million from these export earnings, according to data published by the Export Promotion Bureau (EPB).

Exporters of home textiles from Bangladesh are feeling upbeat as the industry has rekindled a positive trend in the increase of exports year over year (YoY). The industry had not seen YoY growth in 18 months before this.

Since September 2022, the sector's export earnings have grown negatively year over year.

The EPB data mentioned that home textiles export earnings posted an 18.44 per cent YoY negative growth to US $ 84.96 million in September 2022. Since then, the earnings had been declining every month.

Industry analysts have identified a few causes, stating that the war between Russia and Ukraine and the economic downturn were to blame for the sharp decline in export growth.

In addition, they have noted that Pakistan, one of Bangladesh's main rivals, is benefiting from favorable currency exchange rates relative to Bangladesh.

Given the current state of affairs, home textile exports will continue to grow at a faster rate than in the previous six months, and sales on the international market are also steadily rising. Experts have also noted that orders from other markets are growing.

Source: apparelresources.com– Mar 05, 2024

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Bangladesh's growing prowess in RMG makes Chinese investors upbeat

Chinese textile and garment entrepreneurs are bullish about Bangladesh as the country cements its position as a top supplier of apparel items, evidenced from a healthy flow of orders from international clothing retailers and brands.

On the back of higher demand for fabrics, yarns, chemicals, dyes, and capital machinery used in the textile and garment sectors, China has turned into the largest supplier for Bangladesh. Bangladesh imports nearly $20 billion worth of goods, including fabrics, from China, said industry people.

The reliance on the second-biggest economy in the world is growing since local weavers can only meet 40 percent of the requirement for woven fabrics. The remaining 60 percent is met through imports, mainly from China and India.

Owing to a brighter outlook of Bangladesh and the rising cost of production in China amid a dearth of skilled workers, Chinese investors are flocking to the country and investing in the textile and garment sectors.

At the same time, Chinese fabric sellers are targeting export-oriented garment factories which have been receiving an increased volume of orders from global retailers and brands. A good number of Chinese textile and garment manufacturers are taking part in the 21st Dhaka International Yarn and Fabric Show 2024 and the 6th Denim Bangladesh 2024 International Expo at the International Convention City in the capital's Bashundhara.

CEMS Global and CCPIT-TEXT of China have jointly organised the exhibitions, where 410 companies from 15 countries have set up 550 booths to showcase textile and garment items. The event will continue until March 9.

"2023 was not good for business given higher inflation in Europe and the US. Now, a lot of orders are coming to Bangladesh and orders are expected to increase further in the near future," said Yong Zhang, general manager of Jinlite, an outerwear manufacturer, which has a factory in the Mongla Export Processing Zone.

Zhang set up the factory in 2018 with a 100 percent Chinese investment to meet demand for outerwear, rainwear, activewear and jackets in Europe and the US. Currently, the factory exports garment items worth more than $20 million annually.

Melody Zhou, sales manager at Top One Down & Feather Co Ltd, said their factory is witnessing a spike in demand for high-end jackets made from duck feathers. She was the first to introduce the products in Bangladesh and the response from customers has been high.

"Bangladesh has a lot of garment factories and the business opportunity is high." Aileen, a Chinese entrepreneur who has been selling viscose in Bangladesh, for the last nine years, agrees.

"Sales are good and the demand is rising."

At the inauguration of the showcase, Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said Bangladesh has the highest number of green garment factories in the world and this has brightened the image of the sector and the country and given a boost to buyers' confidence.

"2024 will turn out as a good year for us as retailers and brands are coming up with a higher volume of orders." Bangladesh, the second-largest apparel supplier globally, is already the biggest denim exporter in Europe and the US, which highlights the sector's strength.

Amin Helaly, senior vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, said Bangladesh imports more than $10 billion worth of fabrics from China per year.

"So, an opportunity has been created for Chinese investors to invest in the textile and garment sector in the country." Lokman Hossain Miah, executive chairman of the Bangladesh Investment Development Authority, also spoke at the inauguration.

Source: thedailystar.net– Mar 07, 2024

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Bangladesh: RMG export in February one of the highest

Bangladesh exported garments worth $4.49 billion in February 2024, one of the highest for any single month, undergoing a year-on-year growth of 13.93 percent, according to data from the Export Promotion Bureau (EPB).

Garment export had reached a record high for a single month in January with $4.97 billion.

The garment export during the first two months of this year amounted to $9.47 billion, registering a 13.15 percent year-on-year growth.

In terms of the fiscal year 2023-24, garment export in the July-February period reached $32.86 billion with a year-over-year growth of 4.77 percent.

"This is certainly a significant and inspiring turnaround for us, as the industry is struggling to stay on course facing numerous challenges in both local and international fronts," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

"Looking ahead, 2024 presents a crucial opportunity for us to turn the tide," he said in a statement yesterday.

"By further diversifying our industry, incorporating modular production practices, and continuously adapting to the evolving global business landscape, we can not only overcome these challenges but also propel ourselves towards even greater heights," Hassan said.

The BGMEA chief also said he was filled with immense confidence for the future of Bangladesh's garment industry.

"The growth is accompanied to some extent by recent investments in diverse items, which is crucial to safeguard our industry against vulnerability and secure a balanced growth, while demonstrating our commitment to the future," read the statement.

Source: thedailystar.net– Mar 06, 2024

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NATIONAL NEWS

Annual GDP growth for current FY could be very close to 8%: RBI chief Das

The Indian economy's GDP growth in the current fiscal year ending in March could be "very close" to 8%, Reserve Bank of India (RBI) governor Shaktikanta Das said in an interview with television channel ET Now on Wednesday. India's economy grew at 8.4%, its fastest pace in 18 months, in the final three months of 2023, led by strong manufacturing and construction activity. Following this data, the government revised its growth estimate for the 2024 fiscal year to March 31 to 7.6% from 7.3%.

"Our sense and understanding of the high frequency indicators and the momentum of economic activity tells us that this 5.9% growth (expected) in Q4 could be exceeded and when that happens, obviously, the (full year) growth will be more than 7.6%," Das said. "And I think there is quite a good chance of the growth, GDP number for the current year, being very close to 8%." Das said rural demand had been improving and was much stronger than a year ago, while urban demand continued to be very strong.

"Investment activity continues to be strong, driven by government capex and private capex also beginning to pick up particularly in certain key sectors like steel, some sectors related to construction activity, textiles, chemicals. So private investment is also picking up," he said.

The central bank has projected growth of 7% in the next fiscal year. Governor Das said he was very optimistic about next year and 7% was very much on the table. He reiterated that the RBI's monetary policy committee remained focused on bringing inflation down to its target of 4% and, despite prices being on a clear downward trajectory, major uncertainties such as geopolitical and weather risks remained.

"There is no room for complacency at all and we need to remain focused and committed to our goal of maintaining financial stability and supporting economic activity in the country".

Source: business-standard.com – Mar 06, 2024

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Shri Piyush Goyal urges textile beneficiaries to be vocal for local and take local to global

The Union Minister for Textiles, Consumer Affairs & Food & Public Distribution and Commerce & Industry, Shri Piyush Goyal during his interaction with beneficiaries of Textile Sector here today urged them in attendance to be vocal for local. “Be vocal for local and take local to global. That’s the clarion call from Prime Minister Shri Narendra Modi to showcase our products at the world stage”, he said.

Shri Goyal further noted that ramping up textile production in the country will spur income, open up employment opportunities and play a vital role in making the country ‘Atmanirbhar’ as well. The Minister urged the artisans to register their businesses on the Government e-Marketplace (GeM). He said that he has instructed GeM to register all artisans and weavers connected with handicraft and handloom without any registration fee.

Registering on the e-marketplace will boost the visibility of artisans and help promote businesses enhancing their income, said Shri Goyal. He further said that the government would try to facilitate the GeM-registered businesses to be onboarded on major e-commerce websites in the country and push for registering their businesses on foreign websites prioritising handicraft and handloom. He noted that the support of the officials to the handicraft and handloom businesses, especially small enterprises, would help them create an identity through their craft on the GeM website.

With a special emphasis on promoting the ‘Made in India’ initiative, Shri Goyal urged the officials to devise ways for the handicraft beneficiaries to gain from the ‘Handmade in India’ label and register greater income on their products. The Minister noted that businesses selling machine-made products under the ‘Handmade in India’ label should be penalised and said that the government would take firm action to protect the handicraft and handloom sectors.

Shri Goyal said that the government is willing to procure the harvest of jute and cotton farmers if the market price is lower than the Minimum Selling Price (MSP). The Minister further said that the government is working towards increasing the production of jute and cotton and is willing to provide quality seeds, fertiliser for quality produce to fulfill the vision of farms to foreign exports.

He urged the textile sector to collectively work towards technological innovation that would ease the lives of the artisans and weavers and provide an impetus to their income. He thanked the beneficiaries for safeguarding the cultural heritage of the nation and hailed women's contribution in the textile sector.

Stressing on the need to redefine and present the handicraft and handloom at the world stage, the Minister said that the industry should work towards improving the quality and packaging of the textile products to increase the brand value and income of the artisans and weavers. He also said that with the convergence of schemes like PM-Suryoday Yojana (free solar-powered rooftop scheme), Samarth schemes and benefits from textile schemes would help the artisans benefit their businesses and transform their income.

He also highlighted the significance of textile sector in India as one of the largest employment generation sector and the benefits provided to them through various schemes of Ministry of Textiles. Shri Goyal emphasized on PM's vision for "Ek Bharat, Shrestha Bharat" by amalgamating traditional heritage culture, technological advancement, innovation through research centres and empowerment of women. Pertinently, it's the first beneficiary meet of Ministry of Textiles which was organised on such a large scale.

Present during the interaction was Minister of State for Textiles and Railways Smt. Darshana Vikram Jardosh and officials of Ministry of Textiles. Nearly 10,000 beneficiaries under different sectors including Handloom, Handicraft, Jute, Silk and Samarth across the country from 398 centres participated in the interaction. A total of 24 beneficiaries from 12 different locations individually interacted with the Ministers sharing their experiences on the benefits being received to strengthen their livelihood through various schemes of the Ministry of Textiles.

Source: pib.gov.in– Mar 06, 2024

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Deepening US-India ties through innovation, trade

As I begin my fourth visit to India in my role as the US Department of Commerce assistant secretary for global markets, I am enthusiastic about the prospects for building new trade relationships, advancing our mutual efforts to combat climate change, and deepening the ties between our countries' dynamic startup ecosystems.

Between March 4 and 11, 12 US businesses and organisations will be travelling to Delhi and Mumbai, with some companies also making a third stop in Chennai. These companies and organisations represent some of the most innovative in the environmental and clean energy technology sectors, ranging from energy distribution, transmission and smart grids to water and wastewater, recycling, and more.

Of particular interest to our mission is helping to advance India's five-point agenda for fighting climate change and its goals of fulfilling 50 per cent of its energy requirements through renewable technologies by 2030 and net-zero emissions by 2070. This effort not only aims to create more robust growth for future generations, but also targets the ecological transition required to combat climate change.

To this end, our delegation will engage in more than 230 one-on-one meetings with potential Indian buyers and partners, arranged by the US Department of Commerce's trade experts at the US embassy and consulates in India. Mission participants will also meet with key Indian decision-makers at the state and national levels to discuss how to foster policies, regulations, and financial investments that support the development of sustainable, secure, and clean energy markets, supporting the protection of human health and the environment.

During the mission, I will be working to advance our commercial ties through meetings with key Indian representatives, business associations and government leaders. I will also be hearing from top-level private sector Indian leaders on perspectives on important issues.

This trade mission builds on US Secretary of Commerce Gina Raimondo's March 2023 trip to India to co-lead the US-India Commercial Dialogue and supports ongoing efforts to strengthen the bilateral commercial and strategic relationship. It serves asanother example of the Biden-Harris administration's whole-of-government approach to supporting Asia's clean energy transition through Clean EDGE Asia (Enhancing Development and Growth through Clean Energy), an initiative that sees the Department of Commerce partnering with the US Agency for International Development, the Departments of Energy and State, and six other American government agencies.

India ranks among the top 10 US trading partners, and our trade and investment partnership is an engine for global growth, with bilateral trade exceeding $191 billion in 2022, nearly doubling from 2014. US products are highly competitive in the international marketplace, making businesses on our mission well-positioned to compete in India. As we work to increase our commercial engagement and strengthen our alliance, our trade mission will expand business opportunities for our mission participants, leading to win-win outcomes for people and businesses in the US and India. New partnerships facilitated through this mission would also be anticipated to advance digital solutions and innovation.

In both the US and India, small and medium-sized enterprises (SMEs) account for the vast majority of all businesses and are the engine of their respective economies. Most of the US companies on the mission are considered SMEs in the United States. For US mission participants and potential Indian partners alike, this trade mission offers the unique advantages of building longstanding, person-to-person relationships.

In addition to finding ways that our nations can collaborate on implementing climate objectives, I am also embarking on this visit to deepen the connection between our two countries' dynamic startup ecosystems, further promote innovation, and address hurdles that could hinder deeper US-India commercial cooperation in the technologies that will shape economies of the future.

Creating this connection between our startup ecosystems, our "Innovation Handshake" is key to our two countries being able to deliver on the work highlighted by President Biden and Prime Minister Modi during their June 2023 meetings in Washington. Most importantly, the "Innovation Handshake" is an opportunity to promote innovation and job growth, which will be mutually beneficial to both countries, as well as our entrepreneurs, innovators, and workers.

As President Biden and Prime Minister Modi noted in their June 22, 2023, Joint Statement, "The US-India Comprehensive Global and Strategic Partnership is anchored in a new level of trust and mutual understanding and enriched by the warm bonds of family and friendship that inextricably link our countries together."

I share that vision and look forward to deepening our collaboration. Our two countries are open for business.

Source: business-standard.com – Mar 06, 2024

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Commerce Secretary Sunil Barthwal To Chair Meeting With Officials, Exporters On Red Sea Crisis

Senior officials from different ministries and exporters are expected to hold discussions on March 8 here on issues being faced by exporters due to the Red Sea crisis, an official said.

The official said this would be the third meeting on the issue.

Since November, Yemen-based Houthi rebels have targeted ships in the Red Sea and surrounding waters over the Israel-Hamas war.

In December, the situation around the Bab-el-Mandeb Strait, a crucial shipping route for traders connecting the Red Sea and the Mediterranean Sea to the Indian Ocean, escalated due to these attacks.

Because of this, the shipping costs have jumped and consignments are taking more time to reach Europe and the US as the ships are taking the Cape of Good Hope route, encircling Africa. Longer routes are resulting in delays of about 14-20 days and also higher freight and insurance costs.

Representatives from ministries including finance, shipping and external affairs are expected to attend the meeting on March 8.

An official of an exporters body said they would flag the issue of high transportation cost in the discussions. "We also want smooth flow of credit for exporters as it would help deal with the crisis," the official said.

Commerce Secretary Sunil Barthwal will chair the meeting.

Commerce and Industry Minister Piyush Goyal is also expected to meet exporters on March 8 and review progress of exports.

The exporting community has urged the commerce ministry to intervene in freight rates as the shippers are charging huge amounts due to the Red Sea crisis.

The commerce ministry had earlier said they have asked the ECGC not to increase the export credit interest rates. State-owned ECGC is an export promotion organisation, seeking improvement in the competitiveness of Indian exporters by providing them with credit insurance covers.

Exports during April-January this fiscal dipped by 4.89 per cent to USD 353.92 billion.

Imports contracted by 6.71 per cent to USD 561.12 billion, leaving a trade deficit of USD 207.2 billion in the ten-month period of this fiscal as against USD 229.37 billion in April-January 2022-23.

Source: news.abplive.com– Mar 06, 2024

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India-Oman FTA set to be signed soon: Officials

NEW DELHI : The legal vetting for a proposed free trade agreement (FTA) between India and Oman is nearly complete, with the deal likely to be signed in either the coming days or after the general election, two people aware of the matter said.

"The government hopes to sign the pact before the announcement of dates for general elections, and in case it cannot be signed before the announcement, the government may nevertheless seek permission from the election commission to announce it as the FTA is in the interest of economy," said the first person mentioned above, who spoke under the condition of anonymity.

"In this case, the government may announce the finalization of negotiations and sign it even after the model code of conduct comes into force," the above-mentioned person said.

"There is also a likelihood of the announcement being made after the polls," the person added.

The model code, which comes into effect as soon as election dates are made public, bars government leaders from announcing development projects in a move to level the playing field between opposition and ruling party candidates.

The pact, officially known as the Comprehensive Economic Partnership Agreement (CEPA), will likely boost Indian exports to the West Asian country by eliminating duty, especially in petroleum products, textiles, electronics, pharmaceuticals, machinery, and iron and steel.

Reports suggest the Election Commission of India (ECI) is likely to announce the schedule for the Lok Sabha election, slated to take place in April-May, after 13 March.

Spokespersons for the commerce ministry, commerce secretary Sunil Barthwal, the commerce minister's office, the prime minister's office and Oman embassy didn't respond to emailed queries by press time.

Oman is India's third-largest export destination among Gulf Cooperation Council (GCC) countries with bilateral trade standing at $12.39 billion in FY2023, up from $5 billion in FY2019.

India's exports to Oman have increased from $2.25 billion in FY2019 to $4.48 billion in FY2023.

However, at present, over 80% of Indian exports to Oman attract an average 5% import duty.

The FTA is also expected help Oman diversify its economy away from its reliance on oil exports. By granting preferential access to Indian goods and services, Oman will benefit from India's expertise in various industries.

Meanwhile, India's merchandise imports from Oman were valued at $7.9 billion, while service services imports stood at $0.6 billion during FY23.

India is a major importer of petroleum products, Liquified Natural Gas (LNG), gaseous hydrocarbons, and chemical fertilizers from Oman.

Economic think tank the Global Trade Research Initiative (GTRI) expects India's FTA deal with Oman to benefit the South Asian country's exports of commodities like petroleum products, iron and steel products, electronics, machinery, aluminium oxide and textiles, among others.

"India can hope to radically increase its exports post the FTA (announcement) as currently, over 80% of its goods enter Oman at average 5% import duties, and there are not many trade barriers. Oman's import duty ranges from 0 to 100% along with the existence of specific duties. 100% duty is applicable on specific meats, wines and tobacco products," GTRI said in a recent report.

"The duty elimination will aid most Indian exports, but significant growth in the Omani market, a small, middle-income economy with a $25,000 per capita income, will also depend on product quality improvements," it added.

Source: livemint.com– Mar 06, 2024

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FTA talks: India begins hard bargain on non-tariff barriers with EU

In an effort to get non-tariff barriers eliminated in the ongoing free trade agreement negotiations with the European Union, Indian negotiators have prepared an elaborate list of such roadblocks in key sectors such as pharma, engineering, electrical and agri items and have begun taking it up with their European counterparts, two people aware of the developed told The Indian Express.

This comes as India-EU concluded their seventh round of negotiations last month dealing with goods, services, market access, investment protection agreement (IPA) and a separate proposed pact on geographical indications (GIs). India and the EU had relaunched the negotiations in May 2021 after a gap of over nine years, at a time when western firms are looking at India as an alternate supply chain source to China.

The talks on non-tariff barriers (NTB) come in a backdrop of multiple environment and labour regulations brough by EU such as Carbon Border Adjustment Mechanism (CBAM) and Deforestation-free Regulation (EUDR) which is threatening to obstruct about 8 to 10 per cent of the Indian agri, steel and aluminum exports going into the 27-bloc union.

Barring Indian petroleum exports, India's exports to EU- a key trading partner – have seen little gain over the last five years largely due to a slew of non-tariffs barriers in tea, agriculture, engineering and electronic items. While India has brought up the issues in negotiations, both parties continue to disagree on the definition of non-tariff barrier causing friction in the negotiations.

"The problem is that what we call the non-tariff barriers are referred to by them as non-tariff measures. They say that as a society we have high standards. Sometimes these standards are at par with the World Trade Organization (WTO) and sometimes they are WTO plus. They say that it's an internal lookout that EU manufacturers are subjected to those high standards and are not meant to target India," a senior government official said.

"We are not able to meet those standards and it is becoming a barrier to us. So the prism is changing. All that is required is standards and quality consciousness that needs to be there in India. But then comes the challenge of affordability. We are a developing nation with a large population and there is a cost associated with conformity to those high standards.That is the fundamental difference where per capita GDP comes into play. That is where they are able to use the deep pockets and insulate themselves, build and maintain those standards," the official added.

The official further said that Indian chemicals and fertilizers face major disruption in exports because the domestic industry cannot match it and Indian consumers will not bear the high cost.

"Quality unfortunately [is a concern]..that is the reason why China was able to penetrate the Indian market because …their compliance level is high. So what you call an NTB is a major sticking point. It differs from one economy to another. That is a challenge that we are facing," the official further added.

Council on Energy, Environment and Water (CEEW) in its report released last year said that the chemical exports from India were met with stringent regulations in the form of Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), implemented by the European Union (EU) in 2007. The regulation resulted in approximately 40 per cent of exporters withdrawing from the market.

Moreover, India's rice exports have suffered due to the imposition of maximum residue level (MRL) limits, which is the highest level of pesticide residue that is legally acceptable in or on food or feed when pesticides are applied following good agricultural practices. In 2017, the European Commission (EC) reduced the MRL limit for a fungicide used in rice cultivation, which led to a sharp drop in rice exports from India. India's agriculture exports to the EU have declined in the last five years to $3.12 billion in FY23 from $3.36 billion in FY18.

"The European Union has got completely paranoid about maximum residue level (MRL). And they are actually using in the name of food safety, they are using pesticides and MRL laws as a non tariff trade barrier. So, they are setting laws for pesticide, but in the category of pesticide they are including naturally occurring pollutants and hydrocarbons which are in the environment, which are not being sprayed by anyone and they are putting limits for that under the pesticides category," Chairman of Indian Tea Exporters Association (ITEA) Anshuman Kanoria told The Indian Express.

Notably, Indian tea export to Europe has slid to $166.08 million in FY23, down nearly 6 per cent from $176.47 million in FY18. Indian tea exports already face stiff competition from Sri Lanka and Africa who have been gaining market share globally.

“The other most important thing is they [European Union] has put Indian organic tea in a high risk category, because of which they are requiring a lot of testing and certification. The government is very keen to promote organic cultivation and export but the EU with its tough laws towards India is actually placing roadblocks to the cultivation and export of organic tea. We are losing the market because a lot of people are reluctant to export due to these laws. Lots of tea we know doesn’t pass the laws of tea anymore. Africa and Sri Lanka are exporting but India has its own market in the EU. And what these laws are doing is damaging the market of Indian tea in the EU completely,” Kanoria added.

“There are different kinds of market access barriers for example, the pharmaceutical sector faces the barrier of registration. The registration of drugs is taking enormous time in the European Union because of the huge influence the multinational drug companies have. Secondly, we have challenges in the electrical field, where standards different from what is globally followed is imposed. In agriculture, phytosanitary standards issue and traceability is an issue,” Ajay Sahai, Director General & CEO of the Federation of Indian Export Organisations (FIEO) said.

Sahai stressed that unless the issue of market access is addressed, the FTA will not make much headway because if the items are not freely allowed to be accessed in the country, there’s no point in having a tariff advantage. Globally, Indian exporters are also seeing that non trade issues are emerging and we feel that the environment and labor are the two non trade issues which are going to be extremely vital for global trade in this decade, Sahai added.

“Non trade issues are definitely emerging because probably the advanced economy feels that they have not much to restrict, either through the tariff or through the licensing and they want to regulate it through these non trade issues only,” he further said.

Indian textile exporters said that the problem with textile exports are not only the standards sought by the EU but also the private standards which differ from one multinational company to another. Notably, India’s textile exports to the EU have remained stagnant over the years. India’s textile exports in FY18 stood at $10.84 billion while in FY23 it fell to $10.48 billion.

"The problem in textile is the private standard issues which cannot be brought in negotiations. Each company in the EU has different standards that we need to meet. There are a slew of reporting requirements that are coming in which is becoming a market access issue for us," Chandrima Chatterjee, Secretary General of Confederation of Indian Textile Industry (CITI) said.

Chatterjee added that the EU has increased reporting norms which are detailed in nature and are not easy to comply with without divulging sensitive information. She added that the government should bring in one reporting standard which the EU accepts.

"One is the Corporate Sustainability Reporting Directive (CSRD) which sets the framework for sustainability reporting. Another is Corporate Sustainability Due Diligence Directive (CSDD) aims to ensure responsible corporate conduct. For us a lot of data is sensitive and sharing it is a business risk for us. The government can bring in reporting standards that the EU accepts. That convergence in standards will help us in aligning ourselves with standards," she added.

Source: indianexpress.com– Mar 06, 2024

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As India gets poll ready, FTA talks with UK in last leg

India and the UK are in the final stages of negotiating a free trade agreement with time running out as New Delhi gets ready to hold general elections in the next two months.

A team of British trade negotiators is visiting New Delhi to iron out differences on India's demand for more visas for its workers and a social security agreement, and UK's asks for access in India's government procurement and inking a bilateral investment treaty before a trade pact.

Officials said most talks have been completed at the negotiator level and a final decision on signing the FTA now rests with the two governments.

"It is a political call now. The UK has been raising more demands- sometimes tariffs, sometimes government procurement," said an official.

Earlier, the two sides were discussingthat an announcement was likely in the first week of March followed by signing of the pact by the top leaders around March 12.

New Delhi's demand for an agreement to avoid double contribution to social security funds by Indian professionals working for a limited period in Britain saw some level of acceptance by the British negotiators, people aware of the development said, but this requires the nod of UK prime minister Rishi Sunak.

The move will be beneficial for Indian IT workers in the UK. The UK also wanted access to India's government procurement, especially centrally funded projects in states, something that New Delhi is not comfortable with.

"The UK wants more than what India gave the UAE. India should be cautious because whatever concessions it gives the UK would most likely get replicated in the EU and EFTA agreements," said a trade expert.

Source: economictimes.com– Mar 06, 2024

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Consumers outside dense urban India go online, drive retail revolution

The absence of physical stores for premium brands, stockouts of certain products, limited access to a wide range of products and brands in local stores and a lack of knowledgeable staff in offline stores are the main reasons why consumers outside densely populated urban areas (non-metro) in India opt for online shopping, according to a survey by PwC.

On the other hand, the lack of discounts and special offers in physical stores, along with large crowds in malls during weekends are some of the reasons why urban dwellers prefer to shop online. Non-metro Indian consumers are dedicating more time to shopping, with order volumes in tier-2 and -3 cities expanding by more than 60 per cent compared to previous years, PwC said in a release. Such consumers are driving a retail revolution in the country, PwC noted. In the festive season last year, consumers from tier-2, -3 and -4 cities contributed to more than 80 per cent of sales for Meesho and Amazon, highlighting a major opportunity for brands to tap into the growing aspirations and needs of consumers from these markets.

Like most urban households, in families residing outside densely-populated urban areas, big ticket purchases are not solely driven by men and homemakers play an active role in influencing decision making, even though men are the ones making the actual purchase. It has been observed that apps are preferred over websites to shop online.

However, this behaviour changes when it comes to purchasing high-ticket items. Consumers in densely populated urban areas, who prioritise speed in online shopping, are particularly drawn to prompt delivery services which meet their demand for instant gratification and are willing to pay a premium price for the same. But non-metro consumers are keener on deals. These consumers are bargain and discount hunters.

As most urban women navigate shopping platforms like seasoned professionals, weighing their benefits and drawbacks, older women in non-metro areas tend to approach it with more cautious curiosity than others and are hesitant to shop online due to concerns about payment fraud, credibility of unfamiliar websites and doubts regarding product quality matching the images shown.

Source: fibre2fashion.com– Mar 06, 2024

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