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IBTEX No. 41 of 2024 March 13, 2024

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INTERNATIONAL NEWS

Could overseas order backflow expected for textiles this year?-summary of Intertextile Shanghai 2024

The Intertextile Shanghai Apparel Fabrics - Spring Edition 2024 was held during 6-8 March 2024 at the National Exhibition and Convention Center in Shanghai. During this event, the author visited various booths and gained insights into the cotton fabric section of the exhibition.

Firstly, the exhibition halls were crowded with a strong turnout. Hall 5.2 featured bedding and home textiles, drawing large crowds. Hall 7.1 showcased knitted and woven denims, as well as casual wear fabrics. Small booths were noticeably reduced, but there were still a considerable number of large booths with decent foot traffic.

Hall 8.2 covered cotton yarn, polyester yarn, fancy yarn, etc., with a good flow of visitors, though cotton yarn exhibitors reported fewer orders, focusing more on market trends. Hall 6.1 mainly focused on formal and shirt fabrics, involving some dyeing mills from Zhejiang, with a high flow of visitors and strong popularity. Overall, the exhibition had high foot traffic and was popular among attendees.

Secondly, domestic orders for grey fabric were insufficient, while inquiries for export orders were active. During the exhibition, the author visited exhibitors from Shandong, Zhejiang, Jiangsu, Guangdong, and other regions, mostly large weaving mills. They indicated that while orders were scheduled until the end of Mar, they were mainly for pre-holiday orders, with few new orders after the Chinese Lunar New Year, and downstream customers were mostly adopting a wait-and-see approach, with only orders for specific fabrics being relatively good.

Some exhibitors mentioned that domestic orders were weak recently, possibly due to cold weather, and they were observing how orders would recover after the temperature rose. Exhibitors from Jiangsu and Zhejiang indicated active inquiries for export orders recently, a significant improvement from the same period last year when the export market was stagnant.

However, exhibitors also noted that export orders now require extremely strict traceability, and large orders are hard to find. They stated that due to the impact of "de-sinicization," many regular export orders have been shifted overseas, leaving behind high-tech orders domestically.

Exhibitors also mentioned that the future competition for export orders in Chinese domestic market will be more intense, and apart from enhancing the technical content of their products, whether to transfer production capacity overseas or shift to the domestic market is a question that needs careful consideration.

Thirdly, there was sufficient demand for home textile orders, but the outlook was not optimistic. While visiting Hall 5.2, it was evident that the hall was bustling with activity. According to feedback from weaving mills at the exhibition, the current situation for home textile orders is acceptable, with orders scheduled until late Mar or early Apr.

However, there are few subsequent orders, and it is expected that from late Mar, weaving mills will focus more on seeking orders or stocking up. In addition, exhibitors also mentioned that in recent years, the life cycle of new fabrics has been shortened by the influence of e-commerce, with products being updated too quickly, thereby reducing manufacturers' profits and causing immense pressure on them.

Fourthly, there were not many orders for dyeing mills. Although there were not many dyeing companies participating in this exhibition, feedback from the site indicated that exhibitors had not felt the arrival of the peak season yet. While the orders were about 10 days in lead time, they were mainly pre-existing orders from before the Spring Festival, with few orders after the holiday and inadequate follow-up orders. The dyeing fee was mostly stable.

In conclusion, based on the Shanghai exhibition, both the apparel grey fabric and home textile markets lack new orders after the Chinese Lunar New Year, and grey fabric prices are difficult to increase, leading to a severe compression of manufacturers' profits.

Although inquiries for export orders are active, there is still a lack of large orders. Looking ahead, we believe that the short-term lack of orders in the market may be related to the weather, and the recovery of orders after the warming in Mar needs observation.

However, in the long run, China's textile market still needs to focus on overseas markets. In 2024, there is an expectation of a rate cut by the Federal Reserve, and the recovery of export orders after the rate reduction needs further observation.

However, due to the growth of competitiveness in Southeast Asia and political factors, the extent to which overseas orders will return still needs to be observed.

Source: ccfgroup.com– Mar 12, 2024

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China's exports are surging. Get ready for the global backlash

BEIJING: China's factory exports are powering ahead faster than almost anyone expected, putting jobs around the world in jeopardy and triggering a backlash that is gaining momentum.

From steel and cars to consumer electronics and solar panels, Chinese factories are finding more overseas buyers for goods. The world's appetite for its goods is welcomed by China, which is enduring a severe downturn in what had been the economy's biggest driver of growth: building and outfitting apartments. But other countries are increasingly concerned that China's rise is coming partly at their expense and are starting to take action.

The European Union announced last week that it was preparing to charge tariffs, which are import taxes, on all electric cars arriving from China. The European Union said that it had found "substantial evidence" that Chinese government agencies have been illegally subsidizing these exports, something China denies.

The amount of the tariffs will not be set until summer but will apply to any electric car exported by China to the bloc from March 7 onward.

During a visit to Beijing in December, European leaders warned that China is compensating for its housing crisis by building far more factories than it needs.

China already produces a third of the world's manufactured goods, more than the United States, Germany, Japan and South Korea combined, according to the United Nations Industrial Development Organization.

The European Union has also been mulling import restrictions on wind turbines and solar panels from China. India announced in September that it would impose broad tariffs on steel from China. Turkey has been complaining that China is lopsidedly sending it exports while buying little.

The Biden administration, which has kept former President Donald Trump's tariffs in place, has imposed an ever-lengthening list of restrictions on American high-tech exports.

"I've made sure that the most advanced American technologies can't be used in China, not allowing to trade them there," President Joe Biden said in his State of the Union address Thursday.

China's exports, measured in dollars, rose 7% in January and February over last year. But falling prices for many Chinese products -- because of a glut of output in China -- mean that the quantity of exports and their global market share are rising much faster.

China has found ways to bypass some tariffs. Chinese components go in rising volumes to countries like Vietnam, Malaysia and Mexico. These countries process the goods, so that they count as their own products and not as made in China. These countries then ship the goods to the United States and European Union, which charge them low tariffs or even no tariffs.

The United States and European Union are becoming concerned.

A solar farm in Shilin Yunnan, China, March 1, 2024. European leaders are considering imposing higher tariffs on solar panels and wind turbines from China.

Katherine Tai, the U.S. trade representative, warned last week in comments at a Brookings Institution event that the U.S.-Mexico-Canada Agreement, which replaced NAFTA, was up for review in the summer of 2026. She hinted that the United States might insist on tightening rules on the origin of components, notably for cars -- a position also espoused in autumn by Robert E. Lighthizer, who was Trump's trade representative and is now the leading trade adviser to Trump's election campaign.

China "already is a really important element of tension and concern" in North American trade relations, Tai said. In addition to looming tariffs on imported clean energy products, Europe will soon phase in a tax on imports from all over the world based on the quantity of climate-changing carbon dioxide emitted during their production.

The new tax is known as a carbon border adjustment mechanism, or CBAM. But it has been nicknamed the "C-bomb" in Europe because it will fall heavily on imports that come directly or indirectly from China. Two-thirds of the electricity in China is generated by burning heavily polluting coal, which means many of its exports to Europe could be hit with the new tax.

Europe and the United States also face threats from China to their long-standing economic relationships in developing countries, which increasingly choose cheaper Chinese goods. Across much of Latin America and Africa, countries now buy more from China than nearby industrial democracies, and the United States and Europe can do little about it.

"There are no rules to stop dumped and subsidized products from undercutting your exports to the rest of the world," said Susan C. Schwab, who was the U.S. trade representative under President George W. Bush.

For their part, Chinese officials expressed concern during the annual session of the country's legislature, which ended Monday, about what they perceive as a wave of unfair protectionism. Commerce Minister Wang Wentao cited a recent International Monetary Fund study that found the number of trade restrictions around the world had nearly tripled in the past four years, many of them aimed at China.

Foreign trade officials and economists generally cite three aspects of China's industrial policy that help exports. State banks give loans for factories at low interest rates. Cities transfer public land for factory construction at little or no cost. And the state electricity grid keeps prices low.

According to China's central bank, new lending for industry soared to $670 billion last year from $83 billion in 2019. By contrast, net lending for real estate was $800 billion in 2019 but shrank $75 billion last year, as mortgages and other real estate loans were repaid faster than new loans were issued.

Zheng Shanjie, China's top economic planner, reaffirmed China's industrial policy Wednesday, saying that "land and energy will be channeled to good projects." China's explosion in exports is visible in its trade surplus in manufactured goods, which is the largest the world has seen since World War II.

Those surpluses correspond to deficits in other countries, which can be a drag on their growth.

The widening surplus is not only about rising exports. China has reduced or stopped buying many manufactured goods from the West as part of a series of national security and economic development measures over the past two decades.

China's surpluses in manufactured goods are now roughly twice as big, relative to the global economy, as the biggest surpluses achieved by Japan during the 1980s or Germany during the global financial crisis, according to calculations by Brad Setser and Michael Weilandt, economists at the Council on Foreign Relations in New York.

Deficits with Japan and Germany were long tolerated because they are American allies.

But China is an increasingly close ally of Russia, North Korea and Iran. Foreign Minister Wang Yi mentioned all three warmly, particularly Russia, at a news conference last week.

"Maintaining and developing China-Russia relations is a strategic choice made by both sides based on the fundamental interests of the two peoples," he said. Russia has become one of China's fastest-growing export markets, particularly for cars, as industrial democracies' exporters have stopped selling to Russia following its invasion of Ukraine.

Western economists, and even some economists in China, have been calling for China to do more to help consumers instead of increasing factory output. Premier Li Qiang, China's second-highest official after Xi Jinping, told the legislature in his annual speech last week that he would move in that direction, but his steps were small.

He said that China would raise minimum government pensions for seniors, for example, but only by $3 a month. That would cost less than a tenth of a percent of the country's economic output.

Source: economictimes.com– Mar 12, 2024

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Turkiye witnesses slight contraction in trade sales volume in Jan 2024

In January 2024, Turkiye experienced a minor contraction in its overall trade sales volume, decreasing by 0.4 per cent compared to the same period in the previous year, according to data released by the Turkish Statistical Institute (Turkstat). This slight downturn contrasts with varied performances in different sectors of the trade market. Specifically, wholesale trade sales saw a significant decline of 6.3 per cent, while the retail trade sector witnessed a substantial growth of 13.3 per cent.

Textile, clothing, and footwear sectors, in particular, showed resilience with a modest increase of 0.9 per cent in sales volume compared to the previous year.

However, when comparing January 2024 to the preceding month, Turkiye's trade sales volume experienced a more pronounced decrease of 3.2 per cent. The wholesale trade sector's struggles continued with an equivalent 6.3 per cent decrease, but retail trade sales remained robust, posting a consistent 13.3 per cent increase. The textile, clothing, and footwear sector faced a slight setback, with sales volume decreasing by 0.7 per cent from the previous month, as per Turkstat.

Source: fibre2fashion.com– Mar 13, 2024

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China to view VIATT's success with a mix of caution and opportunity

The recent show 'The Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies (VIATT) 24' sent a clear message: Vietnam's textile and apparel industry is a force to be reckoned with. The expo's success highlights a complex relationship between Vietnam and China, a story of competition and potential collaboration in the global market.

VIATT 2024: A Springboard for Vietnam

VIATT 2024 showcased Vietnam's growing capacity for mid-range apparel and value-added services, attracting new partnerships. Industry leaders believe the expo will strengthen regional collaboration within Southeast Asia, creating a more robust textile and apparel ecosystem. This new found confidence positions Vietnam as a key player, potentially influencing its future trade dynamics with China.

Vietnam shares a symbiotic, yet competitive landscape with China

From China's perspective, Vietnam is both a competitor and a collaborator. Vietnam's garment exports have surged to $40 billion in 2023, fueled by rising labor costs and trade tensions faced by China. However, Vietnam still relies heavily on China for raw materials like fabric, thread, and zippers with only 30-40% sourced locally. This creates a complex interdependence.

Vietnam: Trade agreements with China & the USA

Both China and Vietnam are members of the ASEAN Free Trade Area (AFTA), promoting lower tariffs for regional trade. This facilitates the movement of textiles and garments between the two countries. Whereas, China recently implemented stricter quality control measures (Order No. 259) for imported textiles, potentially impacting Vietnamese exports in the short term.

The US trade war with China has fueled the "China+1" strategy, with American companies seeking to diversify their sourcing. Vietnam's lower labor costs and geographical proximity make it a prime candidate, benefiting its garment industry. However, Vietnam still faces stiff competition from China in the US market, especially for high-volume, low-cost production.

Looking Ahead: Collaboration or competition?

Both China and Vietnam are experiencing rising labor costs and are moving towards higher-value production and automation. This shift could create opportunities for collaboration in areas like technology and design. Meeting stricter sustainability standards set by the EU and US will be crucial for both countries to maintain competitiveness.

VIATT 2024 has highlighted Vietnam's ambitions in the textile and apparel industry. China will likely view this with a mix of caution and opportunity. While Vietnam's rise presents competition, collaboration in areas like raw material sourcing and technological advancements could be mutually beneficial. The future of China-Vietnam textile trade hinges on navigating this complex dynamic, with VIATT potentially serving as a springboard for a more balanced and collaborative relationship.

Source: fashionatingworld.com– Mar 11, 2024

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EU records $172.7 bn trade surplus with US in 2023

In 2023, the European Union (EU) recorded a substantial €158 billion (approximately $172.7 billion) trade surplus with the US, exporting goods valued at €502 billion (approximately $549 billion) and importing goods worth €344 billion (approximately $376 billion), as per Eurostat. This trade dynamic cements the US as the EU's largest export partner, absorbing 19.7 per cent of the bloc's total exports outside the EU.

Additionally, the US stands as the second-largest source of the EU's imports, just after China, contributing to 13.7 per cent of the EU's total imports from outside the EU.

The trade relationship between the EU and the US has seen fluctuations over the past decade, with the EU's trade surplus ranging from a low of €81 billion (approximately $88.6 billion) in 2013 to a high of €166 billion (approximately $181.5 billion) in 2021, as per Eurostat.

Source: fibre2fashion.com– Mar 12, 2024

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UNECE, UNECLAC call for sustainability on used clothing trade flows

The global market for second-hand clothing has grown seven-fold in the last four decades and the fast fashion industry has intensified the practice of developed countries exporting such clothing to developing ones, affecting the environment and social and human rights in importing countries, the 2024 OECD Forum on Due Diligence in the Garment and Footwear Sector was told recently.

To address this issue, The United Nations Economic Commission for Europe (UNECE) and the UN Economic Commission for Latin America and the Caribbean (UNECLAC), in collaboration with the Ellen MacArthur Foundation, held a virtual side session on 'Fixing a leaky system: creating resource management systems for used textiles' at the forum hosted by the Organisation for Economic Cooperation and Development (OECD).

The meeting discussed ways to find new coordinated strategies, including a multilevel approach involving exporting and importing countries, and an extended producer responsibility (EPR) system holding producers responsible, an UNECE release said.

Over 400 participants discussed the findings of a UNECE-UNECLAC joint study and current trends on reuse, recycling and disposal pathways, as well as possible solutions, on how this EPR for textiles can produce a scaled infrastructure for collection, sorting, reuse and recycling, ultimately contributing to the development of circular economy solutions across borders.

UNECE's team of specialists also organised a meeting to discuss challenges in scaling up transparency and traceability with respect to environmental, social and corporate governance (ESG). Another session acknowledged challenges in data collection and interoperability.

Outcomes of this and other initiatives undertaken by UNECE under the Sustainability Pledge are feeding international standards and norms like the European Commission's proposal for a Directive on Corporate Sustainability Due Diligence.

Source: fibre2fashion.com– Mar 12, 2024

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AAFA Urges Biden to Give East Coast Port Contract Talks a Nudge

The American Apparel & Footwear Association (AAFA) is calling on President Joe Biden to get East Coast and Gulf Coast port dockworkers and their employers back to the negotiating table.

In a letter to President Biden Tuesday, the association of more than 1,000 apparel and footwear brands urged the administration to "immediately engage" with the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) to restart their talks, which have been on ice since the fall.

The ILA, which is negotiating a new master contract for roughly 45,000 of its 70,000 members, has held firm that these dockworkers will go on strike in October if a new deal is not reached by the expiration date of Sept. 30.

The union says master contract negotiations will not resume until local negotiations are completed. In February, the ILA gave local unions a May 17 deadline to complete the bargaining talks at individual ports. According to the union, the Ports of New York & New Jersey and Baltimore have reached local agreements.

A strike, or other disruption, would be impactful for the apparel and footwear industries. More than half of products come through the 36 ports stretching along the coastline of Maine to Texas.

"The vast majority of footwear and apparel products are imported into the U.S. In 2023, the East and Gulf Coast ports accounted for 53 percent of all U.S. apparel, footwear and accessories imports, amounting to over $92 billion in value," said Stephen Lamar, president and CEO of the AAFA, in the letter. "A coast-wide strike would increase the price of goods, damage the reliability of East Coast ports, and spark a new round of inflation in the U.S economy."

Citing that such a work stoppage or slowdown could have a devastating impact on American consumers and workers and the U.S. economy, Lamar acknowledged some of the other current top-of-mind concerns for stakeholders in the apparel supply chain—namely the Red Sea crisis and the drought impacting the Panama Canal.

The East and Gulf Coast ports have already seen some impact from these changes, according to monthly McCown Report, which analyzes the country's top 10 ports on import performance. For the three months ending January, West Coast ports saw a 19.3 percent increase in 20-foot equivalent units (TEUs) handled, while East and Gulf Coast ports saw a 0.4 percent decline.

"Our members are facing unforeseen transportation challenges, in the dangerous Red Sea from terrorist attacks, and in the shallow Panama Canal from climate conditions," Lamar said. "The addition of a disruption to service in East Coast and Gulf Coast ports would exacerbate delays, further raising the cost of apparel, footwear and accessories and thousands of other products for hardworking American families, sparking new inflation fears."

In particular, the AAFA also has concerns about trade with countries in Central America, much of which comes through the East and Gulf Coast ports. According to Lamar, any disruption could be "putting at risk the work we are doing in concert with" the Partnership for Central America, a public-private partnership plan designed to strengthen the region's economic security.

As part of the plan, organizations like Target and Columbia Sportswear have committed more than $4.2 billion in investment in the region as of February 2023. The plan, first unveiled by Vice President Kamala Harris in 2021, also includes initiatives built to encourage nearshoring and strengthen sourcing and manufacturing partnerships across countries including Honduras, Guatemala and El Salvador.

Lamar called a disruption "preventable" if the Biden administration commences immediate engagement with both parties. The administration already intervened in previous potential strike activity to close out 2022, with Biden signing a bipartisan bill to end a three-year collective bargaining process.

And last summer, ongoing contract negotiations at the West Coast ports were resolved after acting Secretary of Labor Julie Su held joint meetings between the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU), resulting in a new six-year deal.

“We have applauded your administration’s successful efforts to resolve the rail workers’ and West Coast port workers’ contracts,” Lamar said. “We see an opportunity here for you to continue to build on this legacy of leadership on labor rights and transportation.”

The letter comes two months after another major trade association, the National Retail Federation (NRF), sent letters to both the ILA and USMX urging they restart negotiations.

Source: sourcingjournal.com– Mar 12, 2024

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Australian government to slash nearly 500 tariffs to boost trade

The Albanese Labor Government, the federal executive government of Australia, has announced a significant reform to Australia's tariff system, planning to abolish nearly 500 import tariffs starting July 1.

This major unilateral tariff reform, the largest in over two decades, targets a broad array of imported goods, including clothing, menstrual and sanitary products, aiming to reduce compliance costs, cut red tape, and enhance productivity.

This move is expected to simplify the trading landscape for Australian businesses, especially benefiting small to medium enterprises by removing the burden of navigating the tariff regime and its associated costs.

With most goods currently entering Australia duty-free due to successive trade agreements, the existing tariff preferences and concessions have become more of a compliance hurdle than a protective measure for businesses, often resulting in added costs for consumers, the government said in a press release.

By abolishing these tariffs, the Albanese Government seeks to eliminate 14 per cent of Australia's total tariffs, streamlining approximately Au$8.5 billion (approximately $5.6 billion) worth of trade annually and saving businesses over Au$30 million (approximately $19.8 million) in compliance costs each year.

Items such as protective footwear, menstrual and sanitary products, chamois leather, pyjamas, and fishing reels are among those to see the removal of the 5 per cent customs duties.

This reform is not only set to align tariff policy with previous changes made to the GST, particularly regarding menstrual and sanitary items, but also ensures that the abolition of these tariffs benefits businesses without negatively affecting Australian industries or complicating negotiations for future Free Trade Agreements (FTAs).

“By abolishing hundreds of import tariffs, we’ll reduce red tape, boost productivity, ease the burden on small businesses and help to cut the cost of doing business. This is meaningful economic reform that will deliver meaningful benefits to businesses of all sizes around Australia.

These tariffs impose a regulatory burden on Australian businesses and raise the costs of imported goods but they do little to protect our workers and businesses because they apply to goods that are mostly already eligible for duty-free importation,” Treasurer Jim Chalmers.

Source: fibre2fashion.com– Mar 12, 2024

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Monthly Cotton Economic Letter: March 2024

All cotton benchmarks increased over the past month.

• Prices for the NY/ICE May contract broke through resistance around 90 cents/lb in early February, which pulled nearby prices out of the general range between 78 and 90 cents/lb that contained nearby values since November 2022. After breaking out of the longer-term range, trading has been volatile, with prices registering both limit up and limit down intraday moves. Closing prices for the May contract climbed as high as 102 cents/lb (on Feb. 28). Current prices are near 95 cents/lb.

• There were notable developments involving other NY/ICE futures contracts. Prices for the July contract followed a pattern similar to May, but movement in the December contract was muted by comparison. Values for the December futures contract reflect price expectations after the 2024/25 Northern Hemisphere harvest is underway.

Prices for December futures only fluctuated between 82 and 85 cents/lb over the past month. With the gains in prices for July, the separation between 2023/24 and 2024/25 prices stretched as wide as 15 cents/lb (on Feb. 28) and remains more than 10 cents/lb.

• The A Index increased from 96 to 102 cents/lb between early February and the present. Over the past month, it marked a peak of 107 cents/lb (on Feb. 29).

• Chinese prices (China Cotton Index or CC 3128B) moved marginally higher in international terms, from 107 to 108 cents/lb. In domestic terms, values generally traded between 17,000 and 17,200 RMB/ton. The RMB was mostly stable against the dollar, trading near 7.19 RMB/USD.

• Indian spot prices (Shankar-6 quality) climbed from 85 to 95 cents/lb. In domestic terms, values ranged between 55,700 and 61,500 INR/candy. The INR was steady near 83 INR/USD.

• Pakistani spot prices increased from 89 to 94 cents/lb. In domestic terms, values rose from 20,500 to 21,500 PKR/maund. The Pakistani rupee held near 279 PKR/USD.

Supply, Demand & Trade

The latest USDA report featured small increases to global production (+131,000 to 113.0 million bales) and mill use in 2023/24 (+483,000 bales to 112.9 million). There were no revisions to previous crop years, so the beginning stock level was unchanged. The net result of this month's revisions was a -353,000 bale decrease to world ending stocks (to 83.3 million).

At the country level, the largest changes were for the U.S. (-334,000 bales to 12.1 million), Argentina (-100,000 bales to 1.6 million), and India (-500,000 bales to 25.5 million). For mill use, the largest changes were for Turkey (-200,000 bales to 7.0 million), India (+300,000 bales to 24.0 million), and China (+500,000 bales to 37.5 million).

The global trade forecast was lifted 355,000 bales to 43.2 million. For imports, the largest changes were for Pakistan (-200,000 bales to 3.4 million), Turkey (-200,000 bales to 3.8 million), and China (+900,000 bales to 12.9 million). For exports, the largest changes were for Argentina (-100,000 bales to 600,000), Azerbaijan (-100,000 bales to 400,000), Australia (+100,000 to 5.8 million), Turkey (+100,000 bales to 1.3 million), and India (+400,000 bales to 2.0 million).

Price Outlook

The surge in cotton prices coincided with an increase in participation in the futures market. Open interest represents the number of actively traded contracts, and it rose +33 percent between mid-January and the present. Current levels of open interest are the highest of the crop year but are only marginally higher than the level recorded in early October.

The increase in open interest signals a flow of investment into cotton futures. Data from the Commodity and Futures Trading Commission (CFTC) describe the volume of positions held by different types of market participants (i.e., physical traders, speculators and index funds). In those data, the speculator position shifted from several thousand contracts net short (indicating that they were collectively betting that prices would decrease) to more than 80,000 contracts net long (betting that prices would increase) between the middle of January and the present. Over the same period, values for the May futures contract increased from values less than 85 cents to levels of 95 cents/lb or higher.

On the physical side of the cotton market, there are competing views. On one hand, there is tightness in available exportable supply. On the other hand, there has been a sluggish demand environment that may not be helped by more expensive and highly volatile fiber prices.

The 2023/24 U.S. crop is forecast to be the smallest in at least 14 years (near the level in 2009/10). The U.S. is the world's largest cotton exporter, so this alone can raise some concern about global exportable supply. This crop year, those concerns would have been compounded by the aggressive buying by China.

Year-over-year, U.S. commitment to China is up +84 percent or +1.9 million bales, despite a harvest that is down -2.3 million bales compared to last crop year. China's appetite for imports in 2023/24 has extended beyond the U.S. and has included strong buying from Brazil and Australia.

Exports from Brazil to China are up +121 percent or +2.2 million bales year-over-year so far this crop year (August-January). Exports from Australia to China are up +781 percent or +0.9 million bales over the same time period (political differences had been constraining Chinese buying from Australia in recent years, contributing to the large percentage change).

The strength of Chinese demand has been associated with buying from the Chinese reserve system. After selling more than 4 million bales in auctions held between July and November, officials appear to be replenishing supply through imports. The volume of imports already registered from the U.S., Brazil and Australia easily surpasses the 4 million bales sold, and government-related buying from China appears to have already tapered off.

Additionally, it should be noted that Chinese prices have not increased in tandem with external prices. If imported cotton prices do not make financial sense, Chinese buying can be expected to slow. In both the 2010/11 and 2021/22 price spikes, the collapse in international prices came not long after the A Index crossed the CC Index.

A Index prices have not surpassed the CC Index after the latest surge, but recent values have been close (current A Index is 105 cents/lb, the CC Index is 108 cents/lb).

Outside of China, an inverse environment has persisted in terms of import demand. U.S. commitment to the world outside of China is down -23 percent year-over-year (-1.9 million bales). Brazilian exports to the world outside China are down -26 percent or -0.8 million bales so far this crop year (August-January), and Australian shipments are down -30 percent or -1.0 million bales over the same period.

Without a dominant government-related feature like China's reserve system outside of China, the trade environment for the world-less-China could be considered more reflective of global spinning demand. Many of the world's spinning mills suffered financially with the sharp drop in prices in 2022, which was made worse by the sluggishness in downstream demand that followed increases in interest rates and their dampening effect on global economic growth.

The contradictory influences of tightness in available exportable supply and weakness in mill demand may continue to push and pull prices through the end of the current crop year. Looking ahead to 2024/25, a consequence of the recent rally could be additional cotton acres. Especially if improved moisture levels hold in West Texas, the corresponding increase in production could limit upward pressure on 2024/25 prices.

Source: sourcingjournal.com– Mar 12, 2024

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Investors push Zara owner Inditex to publish full supply chain

Investors want Zara owner Inditex to follow rivals H&M and Primark in making its full list of suppliers public so they can better assess any supply chain risks.

Inditex is an outlier among big clothing retailers in not publishing which factories it sources from. Regulators and investors want greater transparency and better disclosure from companies. Clothing retailers, in particular, are under pressure to prove that there is no forced labour in their supply chains, and that garment workers are paid decent wages.

Chinese fashion group Shein has come under scrutiny from US lawmakers over supply chain risks ahead of plans for a US listing. In the European Union, disagreements have stalled proposed rules that would require all big companies to disclose whether supply chains harm the environment or use child labour. Proposed sanctions for not complying could include fines of 5 percent of revenue.

Fashion brands and retailers, including Adidas , H&M, Hugo Boss, M&S , Nike , Primark, and Puma , already publish detailed supplier lists, including factory names and addresses. Inditex publishes annually the number of suppliers, opens new tab it sources from in 12 core countries, but gives no information on individual factories.

Reuters asked Inditex shareholders what they wanted to see from the company in terms of improved disclosure. In response, Dutch asset manager MN said: "In our engagement with Inditex one of the things we ask is if they could disclose a list of their suppliers and the geographical location."

Even though Inditex assures us that they have this data available, up until now Inditex is not willing to disclose this information unlike some industry peers who publish extensive supplier lists." MN, which manages Dutch pension fund assets, said it was important to have this insight to show whether Inditex has this information available, as well as for its own due diligence. MN leads the Inditex dialogue for Platform Living Wage Financials (PLWF), a group of 20 institutional investors with combined assets under management of 6.58 trillion euros ($7.16 trillion). It works to promote higher income for garment and footwear industry workers.

Inditex, set to publish annual results on March 13, declined to comment on investors' demands for it to publish its full supplier list. "Inditex has a deep commitment to maintaining high standards in its supply chain, and believe that our industry-leading traceability system, which gives us maximum visibility of the supply chain, is key to this," an Inditex spokesperson said.

Inditex founder Amancio Ortega holds a 59 percent stake in the company, with a 5 percent stake held by daughter Sandra Ortega. Together they are worth about $69 billion. The five Inditex investors who responded to Reuters' questions hold a combined stake of worth around $2 billion in the company, whose current valuation is about $140 billion.

None of the investors Reuters spoke to are considering divesting from Inditex.

MN said it advised its clients in December to divest from off-price retail chain TJX, which owns Homesense and TK Maxx, and they were divested as of January 1.

"Over the more than three years of engagement we have seen very little improvement on human rights due diligence in their global supply chain," MN told Reuters.

TJX said it has strengthened its vendor code of conduct and expanded its factory auditing programme in recent years.

Inditex has an agreement with global trade union federation IndustriALL under which it provides it with its full list of suppliers. But IndustriALL wants wider disclosures from all companies, including Inditex, it said.

Know The Chain, a benchmarking initiative for companies and investors to address forced labour in supply chains, gave Inditex a lower overall score in its 2023 assessment than its 2021 assessment.

"The company is encouraged to strengthen its supply chain transparency by disclosing a full, rather than partial, list of its direct suppliers," Know The Chain said.

Publishing its factories could bring more competition from Inditex rivals for the same suppliers, investors say.

Swetha Ramachandran, portfolio manager at Artemis Investment Management in London, wants to know what share of Inditex revenues is manufactured in each different supplier country. "It would help us determine their supply chain resilience," she said.

Inditex's published supply chain figures since 2019 show the company has cut suppliers in China and increased them in Bangladesh and Morocco. But it gives no details on the amount of products it buys from those suppliers.

Grace Su, portfolio manager at Clearbridge Investments, which holds Inditex shares, said she has asked for more clarity and supply chain disclosure.

"It's very important because of all the scrutiny around ESG, and labour, and inputs. They claim to be a leader in this so it's really important for them to actually have that level of disclosure."

Inditex shareholder Schroders tracks companies' awareness of manufacturing sites, and encourages apparel retailers, including Inditex, to be transparent, said Hannah Shoesmith, head of engagement at the firm.

Improved disclosure, among other environmental, sustainability and governance factors, could influence investment decisions, Marie Payne, responsible investment officer at Inditex shareholder Cardano, said.

Norway's sovereign wealth fund, which has a $1.4 billion stake in Inditex, said it engages regularly with the company on supply chain risk management, human rights and transparency.
It declined to give details of those discussions. The fund said regarding companies' supply chain practices in general that "there are continued challenges, including when it comes to traceability and reporting".

Source: thedailystar.net– Mar 12, 2024

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Unfair practices by 5 Asian nations hurting US textile industry: NCTO

The National Council of Textile Organisations (NCTO) recently urged the US International Trade Commission (USITC) to closely scrutinise the increase in imports from five Asian apparel producing countries with ultra-low cost pricing structures and ties to China to bring about a recalibration of US trade policies and mitigate the damage to the domestic textile supply chain.

NCTO president and chief executive officer Kim Glas testified before the USITC as part of research the Commission is conducting on the export competitiveness of Bangladesh, Cambodia, India, Indonesia, and Pakistan.

The findings will be included in a report titled 'Apparel: Export Competitiveness of Certain Foreign Suppliers to the United States', which the Commission will submit to the office of the US trade representative, NCTO said in a release.

"While the domestic textile industry is a key contributor to the US economy and critical part of the military and public health industrial base, our sector is facing a crisis of historic proportions as the result of rapidly deteriorating market conditions coupled with unchecked foreign predatory trade practices and diminished customs enforcement activities," Glas said in her testimony.

"Unethical cost reduction practices and predatory trade activities plague global textile and apparel production and markets," Glas said, pointing to the 2013 Rana Plaza garment complex disaster in Bangladesh in 2013 and the US department of labour's list of goods produced by child or forced labour released in September last year that listed four of the five countries currently under review.

To reverse the current trajectory of this import surge and stop the damage to the US textile industry, Glas recommended rejecting proposals to expand the Generalised System of Preferences (GSP) product coverage to textiles or apparel; closing the de minimis tariff loophole; dramatically ramping up customs and trade remedy activities; and addressing predatory trade behaviours with effective penalties to deter unfair practices.

Source: fibre2fashion.com– Mar 12, 2024

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Bangladesh, Japan begin talks on trade deal

The government yesterday initiated talks to sign the Economic Partnership Agreement (EPA) with Japan in order to retain the duty benefit after Bangladesh's scheduled graduation to a developing nation in 2026.

State Minister for Commerce Ahsanul Islam Titu formally announced the beginning of the negotiation at a press conference at his ministry office in Dhaka.

"Bangladesh will face more than 18 percent duty on the export of goods after 2026 if the EPA is not inked," said Senior Commerce Secretary Tapan Kanti Ghosh.

If deals are not struck with trading partners before 2026, Bangladesh, as a graduating nation from least-developed country (LDC) status, will have to seek the continuation of the duty-free market access until 2029 bilaterally to the member countries of the World Trade Organisation.

The 13th ministerial conference of the WTO in Abu Dhabi last month agreed to provide the duty benefit to the graduating LDCs for additional three years after graduation.

As such, Bangladesh will have to pen bilateral trade deals in order to retain duty facilities in the post-LDC era.

Thus, Bangladesh is negotiating with major trading partners to sign preferential deals like the EPA, the Comprehensive Economic Partnership Agreement, the Preferential Trade Agreement, and the Free Trade Agreement.

Japan is the only country in Asia where Bangladesh's exports crossed the $1-billion mark nearly one decade ago as shipments to the economy started rising on the back of the duty benefit extended to the LDCs.

The export of merchandise, especially garment items, to Japan was $1.90 billion in the last fiscal year of 2022-23 and the import stood at $2.02 billion, according to data from the commerce ministry.

The figures indicate that Japan is a growing export destination for Bangladesh and Japanese investors are also eager to invest here as they see the country as a potential business destination thanks to its expanding consumer class.

A recent survey of the Japan External Trade Organisation (Jetro) showed that about 85 percent of the local and Japanese companies with operations in both countries want their governments to sign an FTA.

"So, both countries have agreed to sign the EPA," Ghosh said.

The pact will go beyond tariffs and will include 17 more sectors such as investment, trade in goods, trade remedies, rules of origin, customs procedures and trade facilitation, sanitary and phytosanitary, labour, business environment, transparency, intellectual property, and e-commerce.

Before the formal launch of the negotiation, three rounds of meetings by the joint study group were held last year in order to pave the way for a formal launch, the senior secretary said.

Both sides have the target to conclude the negotiation by December 2025 so that the duty benefits can be ensured long before their expiry in November 2026.

Speaking at the briefing, Ahsanul Islam Titu said Japan is a strategic partner for Bangladesh and projects like the Matarbari deep seaport and the metro rail in Dhaka are being implemented with assistance from Tokyo.

IWAMA Kiminori, ambassador of Japan to Bangladesh, said it is not possible to say how much both countries will benefit if the EPA is signed.
"However, it will be a win-win deal for both countries."

"The EPA is not all about tariffs. Rather, it includes many factors like trade facilitation, non-tariff barriers, removal of customs barriers and the whole economy of both countries."

Source: thedailystar.net– Mar 13, 2024

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Bangladesh Bank's counter-trade arrangements for forex-free trading

Bangladesh Bank (BB) has recently unveiled new policies facilitating import and export settlements through countertrade arrangements, a reciprocal form of international trade where goods or services are exchanged without using hard currency.

Under this system, goods can be imported and exported in exchange for equivalent value goods, bypassing the need for foreign currency.

The policy allows for adjustment of import prices with export prices, enabling local entities to engage in countertrade agreements with foreign counterparts.

The Foreign Exchange Policy Department of Bangladesh Bank issued a circular, directing scheduled banks to implement the policy promptly.

According to the circular, local banks will manage escrow accounts either solely or jointly with Bangladeshi parties, wherein import payments will be deposited.

Corresponding payments for exports will be disbursed against the deposit status.

Regular communication regarding the escrow account status will occur with foreign institutions to ensure coordination.

Additionally, if Bangladeshi parties wish to operate an escrow account in a foreign bank, they must obtain permission from the central bank.

This policy aims to streamline import-export activities, offering flexibility in trade transactions and reducing reliance on foreign exchange.

By promoting countertrade, Bangladesh Bank seeks to boost trade opportunities and facilitate smoother international trade operations for local businesses and traders.

Source: fibre2fashion.com– Mar 12, 2024

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Pakistan: 'Apparel exporters positioning itself for robust export growth'

"Pakistan's apparel sector is undergoing profound transformation and is positioning itself for robust export growth," said Pakistan's Ambassador to the United States, said a press release issue by the Pakistan Embassy in Washington DC on Tuesday.

He said "Individual companies in Pakistan are adopting advanced traceability technologies to consciously champion supply chain transparency in alignment with global requirements. Under Net Zero Pakistan initiative, leading apparel companies are committed to accelerating the transition to sustainability and delivering Net Zero goal by 2050."

Ambassador Masood Khan made these remarks during a public hearing by US International Trade Commission (ITC) on export competitiveness of the apparel industries in Bangladesh, Cambodia, India, Indonesia and Pakistan in the US market. The investigation is being conducted by the ITC at the request of United States Trade Representative and the Commission is required to submit its report by August 30, 2024.

The ITC report would make a comparison of market share by these five suppliers and would analyze changing patterns in market share. The report would also take into account major factors of competitiveness, including trade, industry structure, price and costs, product differentiation, and reliability.

Highlighting that the textiles and apparels contributed around 60 per cent to national exports and 24 per cent to industrial value-addition, the ambassador pointed out that the sector has a unique distinction of having mature, intensive backward and forward linkages which translate into a vertically integrated value chain. He informed the participants that textiles and apparel were generating 40 per cent of the total industrial employment and a significant employment generator for Pakistani female workforce.

The ambassador pointed out that Pakistan's strength in textiles and apparel sector was anchored in local supply of major input materials, availability of a skilled and competitive workforce, industrial integration, vibrant and dynamic entrepreneurship and commitment to meeting quality and the Environment, Social and Governance (ESG) standards. “These factors,” he said, “are under pinned by the government’s aggressive measures to improve efficiency, regulatory environment and ease of doing business.”

Masood Khan also highlighted that the United States was the largest export destination for Pakistan. “Textiles and apparel constitute around 85 per cent of Pakistan’s total exports to the US,” he said.

“Pakistan has a 3.3 per cent share of the US market in the textiles and apparel segment, however, all the exports of apparel products are subject to applicable MFN tariffs of up to 38.3 per cent as Pakistan does not enjoy preferential access to the US market,” he added.

He pointed out that Pakistan was the fifth-largest cotton producer in the world. Pakistan is the third largest producer of better cotton globally and promotes cultivation of organic cotton to reduce greenhouse gas emissions,” he said. Pakistan was making concerted endeavors to increase cotton productivity and transition towards sustainable development, the ambassador added.

Highlighting the resilience of the sector, especially in the wake of Covid-19, Masood Khan pointed out that Pakistan recorded textiles and apparel exports of US$ 19.3 billion in FY 2021-22, up by 54.4 per cent as compared to US$ 12.5 billion in FY 2019-20. This growth, he said, was driven by apparel exports which increased by 69 per cent to US$ 9.03 billion in FY22 from US$ 5.35 billion in FY20.

“Because of massive disruption in supply chains in last two years, Pakistan like other leading exporters of apparel witnessed a declining trend. However, right now, we are in the recovery mode of rapid growth,” said the ambassador. He also pointed out that Pakistan followed a liberal investment regime that offered conducive environment to attract foreign and local investors. He said that Pakistan attracted high-value-added, export-oriented, and resource-efficient investments through increased integration with global value chains.

During the last few years, the sector has attracted approximately $5 billion of fresh local investment for the expansion of the textiles and apparel manufacturing chain, including imports of around $2.2 billion worth of new machinery from 2019 to 2023. The sector, therefore, has the capacity to ramp up the scale of apparel manufacturing further.

He said that Pakistan’s customer base was diverse, and many prominent US enterprises and retailers, most of them Fortune 500, were already sourcing their products from Pakistan. “Pakistani apparel exporters look forward to reinforcing the strong historical trade relations between the two countries,” concluded the ambassador.

Source: brecorder.com– Mar 12, 2024

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NATIONAL NEWS

Modi and Sunak welcome progress in FTA talks

PM Modi spoke to his British counterpart Rishi Sunak on Tuesday when they welcomed the progress made in the ongoing negotiations towards securing a "historic and comprehensive" India-UK FTA that benefits both countries.

Both leaders reaffirmed their commitment towards strengthening the bilateral comprehensive strategic partnership, a statement in New Delhi said. A Downing Street readout of the call noted that Sunak and Modi agreed on the importance of securing a "historic and comprehensive deal".

Source: economictimes.com– Mar 13, 2024

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India, UK leaders reaffirm commitment to trade deal, PM Modi says

Prime Minister Narendra Modi spoke to his British counterpart Rishi Sunak on Tuesday when they welcomed the “thriving” bilateral partnership and progress made in the ongoing negotiations towards securing a “historic and comprehensive" India-UK Free Trade Agreement that benefits both countries.

During the telephonic conversation, both leaders reaffirmed their commitment towards strengthening the bilateral comprehensive strategic partnership, a statement in New Delhi said.

A Downing Street readout of the call noted that Sunak and Modi agreed on the importance of securing a “historic and comprehensive deal” that benefits both countries and reiterated the importance of an “ambitious” outcome for bilateral trade, which is currently worth around GBP 36 billion a year.

In a post on X, Modi said, "Had a good conversation with PM @RishiSunak. We reaffirmed our commitment to further strengthen the bilateral Comprehensive Strategic Partnership and work for early conclusion of a mutually beneficial Free Trade Agreement."

According to Sunak's office, the leaders agreed to remain in close contact as they anticipated further progress in the FTA talks, now in their 14th round of negotiations.

“The leaders welcomed the thriving partnership between the UK and India and discussed recent progress on Free Trade Agreement negotiations,” a Downing Street spokesperson said.

“They agreed on the importance of securing a historic and comprehensive deal that benefits both countries.

The Prime Minister reiterated the importance of reaching an ambitious outcome on goods and services. They agreed to remain in close contact and looked forward to further progress on trade talks,” the spokesperson said.

The statement from New Delhi also noted that the two leaders expressed satisfaction over the progress made under the "Roadmap 2030" in diverse areas including trade, investment, defence, security, emerging technologies and others.

"They assessed positively the progress made towards early conclusion of a mutually beneficial Free Trade Agreement," it said.

The two leaders also exchanged views on regional and global developments of mutual interest and agreed to remain in touch and exchanged greetings on the upcoming festive occasion of Holi, the statement added.

Source: economictimes.com– Mar 12, 2024

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Industrial growth slowed to 3.8% in January

Manufacturing slowed down industrial growth in January as headline number based on Index of Industrial Production (IIP) slipped to 3.8 per cent in January as against 4.2 per cent in December. However, experts still predicted February growth to be closer to the January number.

As per data released by National Statistical Office (NSO), the manufacturing sector's output growth decelerated to 3.2 per cent in January against 4.5 per cent in December. Manufacturing with a share of around 15 per cent in Gross Value Added (GVA) is considered the biggest job multiplier and plays a significant role in overall indirect tax collection.

Though the overall numbers are down, economists were still optimistic. Sunil Kumar Sinha (Senior Director & Principal Economist) & Paras Jasrai, Senior Analyst at India Ratings and Research in a note highlighted that the output level of all use-based segments are above the pre-Covid level (February 2020) after a gap of 33 months. Overall, the factory output was 14 per cent higher than the pre-Covid level in January 2024. At the 2-digit level, 13 industries had a production level higher than the pre-Covid period.

For coming months, economists had different estimates. "Based on the available high frequency data for February 2024 as well as an unfavourable base (6 per cent) in February 2023), ICRA anticipates the y-o-y IIP growth to remain at 3-4 per cent in that month," said Aditi Nayar, Chief Economist with ICRA.

However, with rise in capital expenditure by the government during last two years of current fiscal, some economists felt that headline number for February and March would be better.

The high frequency indicators such as petroleum consumption, coal, steel production, etc. grew in the range of 5.7-13.8 per cent y-o-y in February 2024. Also, as the states and the union government would be looking to meet their annual capex targets in the remaining two months of this fiscal, the infrastructure industries are expected to get the required support.

"Factoring in all of this along with a favourable base effect in some of the use-based segments, Ind-Ra believes the yoy growth of the IIP could come in the range of 5-6 per cent in the remaining two months of FY24," Sinha and Jasrai said.

Dharmakirti Joshi, Chief Economist with CRISIL Ltd did not share their optimism. According to him, infrastructure and construction goods, the primary driver of IIP growth this year, moderated in January reflecting government capital expenditure. Consumption-oriented sectors displayed an uneven trend with non-durables much weaker than durables. Export-oriented sectors were mixed with the production of textiles and machinery picking up but petroleum and chemical products slipping.

While investments have driven the surge in GDP growth this fiscal, they could lose some steam as the government pursues fiscal consolidation next year. "A pick-up in private capital expenditure is critical to sustain investment momentum.

The full transmission of the MPC's rate hikes and regulatory measures on credit growth are expected to moderate domestic demand. Uneven global growth could also restrict export recovery," he said while adding that GDP growth estimated to slow to 6.8 per cent next fiscal from 7.6 per cent in this fiscal.

Source: thehindubusinessline.com– Mar 12, 2024

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Centre relaxes quality control regime on steel and textiles

The centre has exempted inputs used in products meant for export from quality control orders (QCOs) issued by the Steel Ministry. According to a gazette notification, this relaxation has also been extended to QCOs issued by the Department for Promotion of Industry and Internal Trade (DPIIT), and the Textiles Ministry.

These changes have been made by the Directorate General of Foreign Trade to the Foreign Trade Policy, 2023.

Under the quality control regime, manufacturers need to get prior approvals from the Bureau of Indian Standards (BIS) certifying compliance for selling regulated items in the country. Import of goods under the QCO regime is also restricted and only pre-certified products can be brought into the country.

In February this year, the Centre introduced a fresh QCO for 145 steel products. The latest notification superseded an existing one which covered 111 products from stainless steel pipes and tubes to primary cells and primary batteries parts. Most aspects of the QCO, such as specifications for steel wire for staples, pins, and clips, were applicable with immediate effect.

The QCO also stated that substandard or defective steel and steel products, which do not conform to the specified standards, will be disposed of as scrap. The over covers steel chequered plates, mild steel for metal arc welding electrodes and mild steel wire rods for general engineering purposes, among others.

During 2023, the DPIIT had notified QCO for Copper Products. The order covered Copper Wire Rods for Electrical Applications, Copper Rods and Bars for electrical purposes, and Copper Strip for electrical purposes among others. It has earlier notified quality control on Bicycles - Retro Reflective Devices, Refrigerating Appliances, Safety Glass, and Footwear among others. The Textiles Ministry has issued QCO on Geo, Protective, Agro, and Medical Textiles.

Source: economictimes.com– Mar 12, 2024

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Can EFTA countries become a gateway for Europe for Indian textile and apparel industry?

The European Free Trade Association (EFTA) nations have the potential to act as a bridge for the Indian textile and apparel industry to access the European market. The EFTA comprises Iceland, Liechtenstein, Norway, and Switzerland, all of which boasts of strong economic ties with the European Union (EU) through the European Economic Area (EEA) agreement. This agreement eliminates tariffs on most industrial goods, including textiles and apparel, traded between EFTA and EU nations.

Trade agreements between EFTA and Europe

The EEA agreement serves as the cornerstone of trade relations between EFTA and the EU in textiles and apparel. It ensures:

Duty-free movement of goods: Most textiles and apparel products can be exported and imported between EFTA and EU countries without any customs duties. Additionally, some EFTA countries have bilateral free trade agreements (FTAs) with the EU that further liberalize trade in specific sectors.

Harmonized standards: Both sides adhere to common technical regulations and safety standards, simplifying product compliance procedures.

Free movement of labor: Textile and apparel companies in EFTA can leverage the skilled workforce across Europe for enhanced production capabilities.

Textile and apparel trade between EFTA, EU

The EU is a major importer of textiles and apparel; imports reached €161 billion in 2022. This signifies a significant market opportunity for Indian exporters. And EFTA countries hold a significant share.

Switzerland, for instance, is known for its high-quality textiles and clothing exports to the EU. India on the other hand is a leading textile and apparel producer, offering a wide range of products at competitive prices.

By partnering with EFTA nations, Indian manufacturers can gain easier access to the lucrative EU market. While EFTA countries themselves might be smaller markets compared to the entire EU, they can serve as a stepping stone for Indian textile and apparel exporters. By establishing a presence in EFTA nations, Indian companies can benefit from duty-free access to the wider European market, gain valuable insights into European consumer preferences, and potentially build stronger relationships with European buyers.

Points to ponder

While EFTA presents a promising gateway, there are challenges to consider.

'Rules of Origin' is one of them. Companies must comply with specific rules of origin to qualify for duty-free access within the EEA. These rules ensure products originate from EFTA or EU countries. Competition is another factor.

The European market is highly competitive, with established players from various regions. Indian manufacturers need to focus on quality, innovation, and cost-effectiveness to stand out. Also, efficient logistics are crucial for timely delivery across Europe. Partnering with EFTA companies with experience in navigating the European market can be beneficial.

Indeed, EFTA countries hold immense potential as a gateway for the Indian textile and apparel industry to access the European market. Leveraging the existing free trade agreements and strategic partnerships can pave the way for increased trade flows and mutual benefit.

However, Indian exporters must be prepared to address challenges related to rules of origin, competition, and logistics for a successful foray into the European market through EFTA.

Source: fashionatingworld.com – Mar 12, 2024

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India extends Samarth textile training scheme until March 31, 2025

The Indian government has extended the 'Samarth' scheme for training and skilling in the textiles sector by another year. However, it has decided to maintain the outlay at the current level. The scheme, executed by the Ministry of Textiles, will be operational until March 31, 2025. Financial support for the scheme will remain at ₹390 crore ($47.13 million).

Originally, the scheme was to be available until March 31, 2024. The Ministry of Textiles recently issued a circular to announce the extension.

The Department of Expenditure under the Ministry of Finance has approved the extension of the scheme. It is a demand-driven and placement-oriented umbrella skilling scheme designed to make textile workers employable in the industry. The scheme was formulated under the skilling policy of the Ministry of Skill Development and Entrepreneurship.

The purpose of the scheme is to incentivise and supplement the efforts of the industry in creating jobs in the organised textile and related sectors, covering the entire value chain of textiles, excluding spinning and weaving.

According to industry sources, the training programme and course curriculum were rationalised, keeping in view the technological developments and market demands of domestic and other countries. The scheme is not only promoting entry-level skilling programmes but is also supporting upskilling and reskilling programmes for existing workers to improve their productivity.

Samarth scheme is available for organised textile sector as well as for traditional sectors such as handloom, handicraft, silk, and jute. The scheme is being implemented through partners such as textile and other industry associations, state government agencies, and sectoral organisations of the Ministry of Textiles. This scheme is under implementation in most states and Union Territories.

Source: fibre2fashion.com – Mar 12, 2024

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SIMA welcomes QCO exemption for viscose under advance authorisation scheme

Removal of mandatory quality control order for import of viscose under advance authorisation scheme will help meet export targets for the textile and apparel sectors, said the Southern India Mills' Association (SIMA) on Tuesday.

SIMA chairman S.K. Sundararaman said in a press release that the notification issued on Monday by the Directorate General of Foreign Trade permitted import of Viscose Staple Fibre without the Bureau of Indian Standard's Quality Control Order under the Advance Authorisation Scheme, in addition to allowing the imports by Export Oriented Units and Special Economic Zone units. This will enable the exporters to meet the needs of the buyers.

The press release said the SIMA chairman thanked the Union Textile Minister for "understanding the industry-oriented difficulties of both the producers and the users of Viscose Staple Fibre, thus taking a balanced view and suitably modifying the applicability of BIS provisions for imports under Advance Authorisation Scheme, creating win-win strategy for both the VSF producers and the users."

A similar exemption notification for polyester fibre and its raw material products, for which QCO has been issued by Ministry of Chemicals and Fertilizer, is essential to enable the growth of the synthetic fibre sector, as polyester is the future growth engine for the Indian textiles and clothing industry, he added.

Source: thehindu.com – Mar 12, 2024

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State-Run Development Organization Aims to Boost India's Textile Sector

The Indian state of Maharashtra will merge several textile corporations to form a state-run development organization that will support the industry at large.

According to officials, Maharashtra State Textile Corp., Maharashtra State Handloom Corp. and Maharashtra State Powerloom Corporation Ltd. will be consolidated to form the Maharashtra State Textile Development Corporation (MSTDC).

The venture will be modeled on the successful Maharashtra Industrial Development Corporation (MIDC), established by the government in 1962 as its premier industrial infrastructure development agency.

Since its launch, MIDC has developed land, roads and water supply and implemented infrastructure like drainage facilities and street lighting. The role of the new organization will be to provide similar infrastructural support services for the textile sector.

Maharashtra accounts for 10.4 percent of the country's total textile and apparel production and more than 20 percent of the cotton production in India, according to state government data. It also employs 10.2 percent of the country's workforce and houses its financial capital and the port city of Mumbai.

Government officials told Sourcing Journal that the formation of MSTDC represents another step in achieving the goals set out in the Integrated and Sustainable Textile Industry Policy for 2023-2028. Launched by Maharashtra's government last June, the plan aims to drive 250 billion rupees ($3 billion) into the textile sector. The launch is a practical way of achieving efficiencies, officials said.

"We are committed to promoting Maharashtra's textile products both domestically and internationally. The department will be organizing trade fairs, exhibitions, and buyer-seller meets to showcase the finest textiles produced in our state," Maharashtra Textile Minister Chandrakant Patil said in a message to the industry earlier this week.

"Through collaborations with various industry associations and government agencies, we aim to increase market access and boost exports, thereby contributing to the state's overall economic development," Patil added. "We aim to position Maharashtra as a leading textile hub, generating investment and employment opportunities and driving economic growth of the state."

The reaction within the textile industry has been mixed. While some mill and factory owners said the merger was a step in the right direction, others felt the focus should be on creating organizations to support the small and medium sector.

"In principle, it's a good move to look at the textile value chain as one integrated whole, rather than differentiated by so many segments," said Premal Udani, managing director of Mumbai-based manufacturing company Kaytee Corporation Pvt. Ltd. and former president of the Apparel Export Promotion Council (AEPC). "But we're really going to have to wait and watch to see how efficient it will be. Ultimately, the job is to make it work."

Although Maharashtra was lagging behind other states in promoting textiles, Udani said he's noted progress in recent months due to new textile policy and other initiatives.

The industry is not mourning the dismantling of the original organizations, which were operationally less than effective. Maharashtra State Textile Corporation Ltd., for example, was established in 1966 to administer and rehabilitate beleaguered textile mills, and to erect new ones in industrially stunted areas of the state. The group took over 26 mills, which continued to incur losses until they were all closed in January 2001.

States across India want to see the textile sector continue to develop because it is one of the largest employers, according to Prashant Agarwal, co-founder and joint managing director of consulting firm Wazir Advisors. "Maharashtra is already working on the 1,000-acre park in Amravati," he said, referring to the government's PM Mitra park scheme, which launched last year. In July 2023, officials announced that the industrial park would attract investment of 100 billion rupees ($1.2 billion) and create 300,000 jobs.

"While many states have been making their textile policies, like Madhya Pradesh, Odissa and Jharkhand, quite a few of them are more apparel focused," Agarwal said. "Maharashtra has a lot of cotton, and the conversion into yarn and fabric, so they are investing a lot in textiles."

The new industrial policy aims not only to consolidate, but to modernize the textile sector. Textile parks will strive to create a conducive environment for the industry's growth, with common facility centers, support services and state-of-the-art infrastructure. The upgraded textile value chain is projected to increase processing capacity for cotton from 30 percent to 80 percent in the next five years.

"With the consolidation, the MSTDC will become larger and become more efficient," Agarwal said. "But what will really help the industry get ahead would be helping the medium and small businesses—to bring them together to make a corporation and a marketplace. It can become a movement if you consolidate smaller units and support them."

Source: sourcingjournal.com – Mar 12, 2024

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