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82.90	90.25	105.55	0.56

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INTERNATIONAL NEWS

US industrial production up 0.1% in Feb, manufacturing output up 0.8%

US industrial production edged up by 0.1 per cent in February after declining by 0.5 per cent in January. Manufacturing output in the month rose by 0.8 per cent after declining by 1.1 per cent in January, according to the Federal Reserve (Fed).

At 102.3 per cent of its 2017 average, total industrial production in February was 0.2 per cent below its year-earlier level.

Capacity utilisation for the industrial sector remained at 78.3 per cent in February, a rate that is 1.3 percentage points below its long-run (1972–2023) average.

The output of most major market groups moved up in February. An exception was the index for consumer goods, which declined by 1.4 per cent.

Within materials, all market groups posted gains except energy materials, the output of which fell by 0.2 per cent, a Fed release said.

Capacity utilisation for manufacturing increased by 0.6 percentage point to 77 per cent in February, a rate that is 1.2 percentage points below its long-run average.

Source: fibre2fashion.com– Mar 17, 2024

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France passes bill to address environmental impact of fast fashion products

France's National Assembly has passed a bill aimed at addressing the environmental impact of the fast fashion products, commonly sold by companies like Shein from China.

The legislation proposes penalties of up to €10 ($11) per individual clothing item by 2030, along with a prohibition on advertising for such products. The bill received unanimous support from all voting lawmakers and will now proceed to the Senate for further consideration before potentially becoming law.

The surge in popularity of fashion retailers such as Shein and Temu, known for their rapid response to demand through highly flexible supply chains, has disrupted the retail landscape. Meanwhile, established brands like Zara and H&M have largely stuck to traditional methods of predicting consumer preferences.

The bill underscores concerns about the growing trend of ephemeral fashion, characterised by high volumes and low prices, which encourages frequent consumer purchases and contributes to environmental, social, and economic challenges.

In response, Shein defended its practices, stating that its production aligns with existing demand, resulting in minimal unsold inventory compared to traditional retailers, where waste can reach up to 40 per cent. However, the company expressed concerns that the bill could adversely affect French consumers' purchasing power, particularly amidst ongoing economic challenges.

Christophe Bechu, Environment Minister, France, hailed the bill as a significant advancement in reducing the textile sector's environmental footprint, emphasising its importance in addressing sustainability concerns.

Source: fashionatingworld.com– Mar 16, 2024

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Walmart collaborates with fashion tech firm 'unspun' for sustainable apparel manufacturing

Walmart has initiated a groundbreaking collaboration with 'unspun,' a trailblazing fashion tech firm utilising the world's premier 3D weaving technology. If successful, this venture promises to mitigate the environmental footprint of garment production, foster a more sustainable approach to meeting apparel demand, and bolster the shared commitment to reshoring textile manufacturing in the US

Based out of its micro factory in Oakland, California, 'unspun' pioneers a revolutionary technology that swiftly and efficiently transforms yarn into garments. The partnership directly confronts the apparel industry's concerns regarding waste, primarily stemming from traditional flat weaving, cutting, and assembly processes, as well as excess inventory production to meet fluctuating consumer demand and fashion trends. Moreover, it addresses the emissions associated with offshore garment and fabric transportation, advocating for more sustainable supply chain solutions.

Andrea Albright, Executive Vice President-Sourcing, Walmart, underscores the retailer's dedication to innovation and addressing industry challenges. The pilot project will investigate unspun's 3D weaving machines' potential in producing workwear-style pants under a Walmart house brand. Unlike conventional methods that involve weaving fabric and subsequent cutting and assembly, 3D weaving involves spinning yarn directly into completed garments, minimizing waste and production time.

Should the pilot prove successful, the collaboration aims to expand, with 'unspun' envisioning the deployment of additional microsites across the US for localised manufacturing. unspun's ambition includes having 350 machines operational in the US by 2030, furthering job creation and waste reduction goals.

Beth Esponnette, Co-founder, unspun, emphasises on the urgent need for climate-conscious practices in apparel manufacturing and expresses confidence in the partnership's ability to scale innovations, create jobs, and reduce waste.

This initiative aligns with Walmart's recent tech-driven endeavors showcased at the Consumer Electronics Show, including expanded drone delivery and AI enhancements, underscoring its commitment to shaping the future of retail while advancing sustainability goals.

Source: fashionatingworld.com– Mar 16, 2024

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China's coastal bulk freight index down 7.4% MoM in Feb

The coastal bulk freight index in China dropped by 7.4 per cent month on month (MoM) in February this year, according to data from the Shanghai Shipping Exchange (SSE).

The composite index for coastal bulk freight, which measures transportation costs in the coastal shipping market, stood at 961.66 last month.

The sub-index for crude oil increased by 0.1 per cent from the previous month, while the figure for refined oil dipped by 0.9 per cent monthly, a state-controlled media outlet reported.

The export container shipping price index in the country increased by 20.9 per cent MoM in February.

The average China containerised freight index (CCFI) stood at 1,440.74 last month.

The sub-reading for the West Coast America service recorded the largest increase, with a MoM growth of 33.8 per cent, followed by that for the Europe service.

The sub-reading for the Persian Gulf/Red Sea service, however, dropped by 1.8 per cent from the previous month.

Source: fibre2fashion.com– Mar 17, 2024

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Business climate in German retail gloomy: ifo Institute

The ifo business climate in Germany's retail deteriorated in February for the third consecutive month, according to the latest survey by the Leibniz Institute for Economic Research at the University of Munich (ifo Institute).

The indicator for assessments of the current business situation fell to minus 18 points, down from minus 15.2 points in January.

Expectations improved only slightly, with the indicator remaining at the low level of minus 36.7 points.

"The economic environment remains very challenging for retailers," said ifo expert Patrick Hoppner in a release. "Consumers are holding back on shopping, which is putting a strain on retailers' businesses."

Inventory remains too high at many retailers due to weak demand. In the coming months, clothing retailers in particular are planning to raise prices less frequently.

Fewer businesses are planning to hire new staff in the months ahead.

"In addition to the difficult demand situation, the faltering collective bargaining negotiations are also unsettling many retailers. This could further reduce their willingness to hire, even if the overall demand for skilled workers remains high," Hoppner added.

Source: fibre2fashion.com– Mar 18, 2024

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Green production critical to sustainable textile, garment export

Textiles and garments brought home 5.2 billion USD in export revenue in January and February, rising 15% from a year earlier and ranking fourth among the biggest foreign currency earners during the period, according to the General Statistics Office.

Than Duc Viet, General Director of the Garment 10 Corporation, said that transforming to more green production is a compulsory requirement that manufacturers must satisfy to secure sustainable exports.

He noted his company has been moving to green production over the last three years by replacing old machinery and equipment with modern and less power-consuming ones.

The company has also invested in rooftop solar power systems, and connected with foreign partners to use as many recycled and natural-origin materials as possible to meet buyers' requirements. Input materials produced by burning coal are also being replaced with those created by using biomass power to reduce carbon emissions to the lowest possible level.

When the entire project of Garment 10 become operational in 2024, it will help cut the emission of over 20,000 tonnes of carbon to the environment, Viet added.

A number of major fashion brands worldwide have announced roadmaps for using products made from recycled, natural, and circular materials by 2050. Purchasers, especially big brands and international retail networks, are restructuring their global supply chains to meet sustainability targets.

Prof. Dr. Andreas Stoffers, Country Director of the Friedrich Naumann Foundation for Freedom in Vietnam, said the EU is currently a leading export market of Vietnam's textile and garment industry.

However, to the EU, this industry is among the biggest causes of environmental degradation and climate change, so it is one of the sectors receiving the EU's green efforts most.

If Vietnamese companies seriously comply with green production standards, they can switch to green practices in a proactive and comprehensive manner. This is a big opportunity for businesses and also the best way for them to access the EU market, where consumer awareness of green products is growing, he said.

Economist Dinh Trong Thinh said more and more businesses have paid attention to production greening and carbon emission reduction, helping boost Vietnamese goods' access to demanding markets.

However, it is costly and time-consuming to adapt to green standards while most textile and garment producers of Vietnam are small and medium size, he pointed out.

Thinh recommended the Government facilitate green investment and production through more favourable credit policies, noting this is also a step Vietnam should take to achieve the net zero emission target by 2050.

Source: sourcingjournal.com– Mar 14, 2024

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Pakistan: Self-sufficiency versus loan dependence

Pakistan steps into critical discussions with the International Monetary Fund (IMF), it's confronting immense financial pressures while simultaneously holding strategies that could fundamentally change its fortunes: the promise of export-led growth as well as an immense potential in much enhanced agricultural produce.

With a debt-to-GDP ratio that has breached the 70% threshold, Pakistan's economic journey is overshadowed by the enormity of its debt—60% of it being domestic, bearing the brunt of 85% of the interest payments. This situation paints a vivid picture of the fiscal tightrope the country walks on.**

Yet, why turn to the IMF when an untapped potential lies within? Pakistan's industrial, agriculture and tech sectors are a beacon of hope, resilience and demonstrate vast capabilities. This scenario presents a compelling case: while Pakistan seeks the IMF's support, its flourishing textile exports, agriculture sector that can produce surplus and a growing tech sector signify an inherent strength and capacity for economic self-reliance.

This juxtaposition of external financial assistance and the potential for home-grown economic revival underscores a critical question — why rely on the IMF when there's a path to harnessing export-driven growth towards financial independence?

While Pakistan has got other ways to bring in cash, like remittances from abroad or foreign investments, they're not going to be the game-changer we need anytime soon. Various studies such as the study by Perez-Saiz, H., Dridi, J., Gursoy, T., & Bari, M. (2019) suggests that remittances do not automatically boost a country's overall economy as much as we might think. While families receiving this money do end up spending more, this spending doesn't lead to economic growth.

The researchers found that whether these remittances help the economy depends a lot on how different parts of the economy are connected. This means that just getting more remittances doesn't necessarily make the economy stronger. Moreover, the consensus in academic research is that remittances lead to inflation as they increase aggregate demand via higher household income, resulting in increased consumption.

So, we're left facing some tough choices. From July to February, Pakistan's exports are consistently trailing behind imports, painting a picture of a trade imbalance. In February alone, the figures are quite telling: exports stand at a modest $2.57 billion, while imports loom at a hefty $4.28 billion (Source: SBP). This substantial gap signals an urgent call to action for enhancing export capabilities to match or even overtake the towering import figures. Remittances, though stable, do not compensate for this disparity, highlighting the critical need for bolstering Pakistan's export sector to improve the trade scenario.

But, there's a silver lining. With the right push and a bit of creativity, exports can be our ticket to turning things around. It's not just about selling more, but selling smarter, tapping into a world that wants what we have to offer. For example, Pakistan's high agricultural import bill could be significantly reduced by revamping the agri-sector to produce self-sufficiency and a sizeable exportable surplus, leveraging initiatives like Special Investment Facilitation Council (SIFC) for corporate farming and agro-industry investments.

All is not lost, we've got a world of opportunities right at our fingertips. Pakistan needs to align its textile sector with global trends, shifting towards a 70-30% mix of man-made fibers (MMF) and cotton products. Currently, dominated by cotton exports, diversifying into MMF and high-performance apparel—where global trade is focused—could significantly enhance Pakistan's export basket. Such a move will contribute to economic stability by meeting international market demands more effectively.

The real challenge isn't finding new things to sell but getting better at selling what we're already good at, for example textiles, agricultural and tech products. We've got to think bigger, reach further, and make sure we're not just participants but winners in the global market.

For example, there's been a remarkable upswing in Pakistan Apparel Exports, particularly in 2021, where we see substantial growth across all markets. The EU and the USA stand out with pronounced spikes, suggesting that efforts to broaden the export base are bearing fruit. This robust performance supports the narrative that Pakistan is moving in the right direction by diversifying its textile exports, leaning into products with higher global demand. With the right policies and continued focus on quality and market expansion, Pakistan can not only secure its position in the global market but also further the goals of economic stability and growth.

And here's the kicker: we can do it. The agriculture sector also has immense scope for improvement through enhanced yields, corporate farming and getting areas such as the Cholistan Desert into productive use. Israel's successful transformation of the Negev Desert into a flourishing agricultural area provides a blueprint to Pakistan to potentially replicate it in the Cholistan Desert. Adopting similar innovative farming techniques could spur agricultural development, increase food production, boost employment rate and reduce Pakistan's reliance on foreign debt by boosting the economy through homegrown resources.

Click here for more details

Source: brecorder.com– Mar 18, 2024

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Pakistan: Textile sector seeks support to fully utilise GSP Plus

In a statement, PHMA Zonal Chairman Farrukh Iqbal asked the government to provide its backing for the value-added apparel sector, so that it could utilise its potential to reap benefits of the GSP Plus preferential trade facility and provide mass employment to the jobless population.

"Exports to EU countries have started dropping, which is a matter of grave concern," he said.

Iqbal hailed the recent government move to release Rs65 billion worth of verified pending tax refunds of exporters until February 2024. "This is a welcome move from Prime Minister Shehbaz Sharif and we appreciate him along with his team, as this will definitely boost the confidence of exporters and encourage the export sector."

He expressed hope that the same spirit would be followed for the release of the remaining refunds of deferred sales tax and under schemes like Duty Drawback of Taxes and Drawback of Local Taxes and Levies, the Technology Up-gradation Fund and markup subsidy in order to raise exports.

As energy prices had escalated to record highs, the PHMA leader pointed out that frequent hikes in gas and power tariffs would further stoke inflation, amidst high markup, making Pakistani value-added textile products uncompetitive in the international market.

He termed the increase in energy tariffs an unwise move that would sabotage the efforts of exporters.

He asked the new government to ensure a level-playing field by offering regionally competitive energy tariffs and continuing the DLTL scheme, as committed in the new five-year textile and apparel policy.

Iqbal was of the view that energy rates for industries should be brought at par or below tariffs prevailing in the competing regional countries.

Pakistan needs an even playing field with regional competitors through the continuation of previous concessionary energy tariffs for the export industry.

Pointing to the fall in exports to the EU, the PHMA zonal chairman said that Pakistan's exports to European nations dipped 7.54% year-on-year in the first seven months of the current fiscal year, primarily due to reduced demand for Pakistani goods in western, southern and northern Europe.

Export proceeds from those countries dropped to $4.866 billion in July-January FY24, against shipments of $5.263 billion recorded in the corresponding period of the previous year, according to figures compiled by the State Bank of Pakistan.

This decline in export earnings indicates the challenges faced by Pakistani exporters in these uncertain economic times despite having preferential trade access to the 27-member EU bloc.

Source: tribune.com.pk– Mar 17, 2024

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Pakistan: Weekly Cotton Review: Rates stable despite decreased business volumes

The prices of cotton remained stable despite decreased business volume in the local cotton market. Textile spinners are cautious in their purchases due to limited stock availability. The textile sector and industries are already grappling with high energy costs, and the International Monetary Fund (IMF) has urged for further increases in electricity tariffs.

Pakistan's textile production costs exceed those of neighbouring countries, leading to unsuccessful attempts to secure orders at the Shanghai Yarn Expo. Expensive electricity has crippled industries, resulting in the closure of 35% of the country's industrial units.

Industrialist S M Tanveer has stated that the industry cannot afford electricity priced over 9 cents per unit. Punjab's Secretary of Agriculture, Iftikhar Ali Soho, has said that to ensure the success of cotton cultivation and production, all possible means are being employed.

During the past week, the local cotton market experienced a downward trend in cotton prices, with business volume remained low due to the upcoming Ramadan season, which typically sees reduced business activities.

Textile spinners are cautiously buying cotton, and major trading groups are engaged in limited transactions. Ginners have low stock of cotton. There is no panic like situation. Ginners have approximately less than 200,000 bales of cotton in stock, which is decreasing gradually.

According to available information, cotton cultivation is going on, partially, in several regions.

However, gas and energy crises continue to worsen the textile sector, leading to increased turmoil. Despite appeals to the government, there is no attention to the concerns of this sector, leading to growing unrest. Many mills are compelled to reduce production, exacerbating unemployment.

According to the textile sectors, the crisis is worsening due to increase in gas and energy costs, and high interest rates. Several mills are being forced to reduce production, resulting in a continuous increase in unemployment.

Every year, the federal committee for agriculture announces estimates of cotton production until February and March. However, this year, there is a delay in this announcement, along with the government's procrastination in declaring the Minimum Support Price (MSP). Timely announcements would enable cotton growers to act accordingly.

The rate of cotton in Sindh and Punjab is in between Rs 20,000 to Rs 22,000 per maund. The rate of Phutti which is available in very limited amount is in between Rs 9,500 to Rs 10,500 per 40 kg. The rate of Khal, Banola and oil is stable.

The Spot Rate Committee of the Karachi Cotton Association kept the rate of cotton unchanged at Rs 21,500 per maund.

According to Nasim Usman of the Karachi Cotton Brokers Forum, there is stability in the international cotton market, with the New York cotton price ranging from 93 to 94 cents per pound. According to the USDA's weekly supply and demand report, sales of 85,800 bales were recorded for the year 2023-24. Turkey remained at the forefront with the purchase of 30,700 bales, followed by China with 28,200 bales, and Mexico with 13,300 bales.

For the year 2024-25, sales of 112,700 bales were recorded. Guatemala was on the top with 87, 100 bales. Honduras was on number second with 25,400 bales. Japan was on number third with 200 bales.

However, under the chair of Punjab's Agriculture Secretary, Iftikhar Ali Sahoo, a meeting was convened at the Agriculture House to devise a strategy regarding cotton cultivation. All possible means should be employed to ensure the target of cotton cultivation and production is achieved.

Cotton plays a vital role in driving the national economy, with over 51% of the country's exports attributed to cotton and its products. It is imperative to strengthen the national economy by ensuring maximum cultivation of cotton, said Sahoo.

He said that all means should be employed to achieve the target of cotton sowing by April 15th. Cotton growers should be informed that cotton sown early are less susceptible to pest attacks and prove to be more profitable. He said that committees are being formed at provincial, divisional, and district levels to achieve the target of cotton cultivation and production for the current season.

He clarified that the performance of Agriculture Department officers and staff in cotton-growing divisions will be directly linked to achieving the cotton target.

The Department of Agriculture will support and collaborate with the divisional and district administrations for cotton cultivation.

Regular review meetings regarding the cotton crop will be held weekly, preferably at the divisional headquarters in accordance with the established procedure.

He further stated that additional duties of field staff of the Department of Agriculture (Extension) are being eliminated to ensure the achievement of the target of cotton cultivation and production, so that field staff remains actively involved with the cotton growers from sowing to harvesting.

Additional Secretary Agriculture (Task Force) Punjab Abdul Qadir Shah, Director General Agriculture (Extension) Dr. Ishtiaq Hassan, Consultant Dr Muhammad Anjam Ali, Director Agricultural Information Punjab Naveed Asmat Kahlon, and other officers participated in the meeting.

However, Federal Minister Masood Malik, while speaking in a TV interview, stated that the chances of energy being 9 cents for the textile sector in Pakistan are very low, while in the entire region, including India, Bangladesh, Vietnam, and China, electricity for the textile sector is available at 7 to 9 cents.

Now, our textile industry is also competing with these countries' textile sectors. The future is dependent on two things: either cotton prices in Pakistan decrease by at least 30 to 40 percent compared to the international market, or electricity is available at 9 cents.

Due to the shortage of cotton and the high cost of cotton, many mills have either closed down or are in the process of closing down. Whether this is temporary or permanent will depend on the prices in the next season.

Aside from that, this crisis revolves around the shortage of cotton and the high cost of cotton. This crisis will be resolved when there is an increase in cotton production per acre and funding for cotton research institutions in the country. Now it depends on the owners of the industry what they want. The survival of the industry is linked to beneficial investment in research and development.

Even if there is an increase in production expenses for cotton, it can be managed with an increase in production per acre. We need to bridge the gap between small-scale and progressive farmers’ production and the production potential of different types of cotton. For this, investment in research institutions is necessary.

Source: brecorder.com– Mar 18, 2024

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Bangladesh: Fabric sales still slow ahead of Eid

Textile makers in Bangladesh are witnessing slow sales ahead of Eid-ul-Fitr due to factors including a drop in demand for women's salwar-kameez amidst a high living cost and a lack of interest among the affluent class to donate clothes as Zakat to avoid hassle.

The wealthy typically donate saris and lungi as zakat, a form of alms offered out of religious obligation, propelling their sales during Ramadan. However, the tradition has changed in recent years as many people now prefer to hand out cash in order to save time and avoid hassles linked with distribution.

The wide adoption of mobile financial services (MFS) has brought about massive convenience to users as they can seamlessly transfer donations to beneficiaries whereas collecting and distributing clothes is slow and cumbersome.

MFS accounts totalled 21.92 crore in January in a country where the population size is about 16.98 crore.

Additionally, people have adopted austerity measures to limit their expenses as inflation continues to erode their real purchasing power. Thus, many people are not buying any additional garments this year.

Bangladesh has been experiencing higher consumer prices since May 2022. It has particularly stayed above 9 percent over the past year.

"These factors have badly impacted fabric sales ahead of Eid not only this year but also the last three," said Rashidul Hasan Rinto, proprietor of Chishtia Sizing Mills in Narsingdi.

Baburhaat, a major hub for textile and garment items in Narsingdi, would register weekly sales of about Tk 2,000 crore during Ramadan in previous years. Now, it is difficult to rake up sales of Tk 1,500 throughout the month, he added.

Abdullah Al Mamun, managing director of Abed Textile Processing Mills, said the market seems unpredictable considering the country's economic condition.

"We are observing the market condition as the real picture will only emerge after a few days."

He is, however, hopeful for better business this time around compared to last year.

Khorshed Alam, chairman of Little Group that runs seven textile mills, said the amount of goods sold centring Eid-ul-Fitr has decreased by 25-30 percent year-on-year.

Traders at Baburhaat, Madhabdi and Gausia in Narsingdi allege that people's buying capacity has considerably decreased due to price hikes for essentials.

A large portion of the buyers of local fabrics are middle-class and lower-middle-class people. So, they are now giving more priority to buying essential products.

"That's why sales are down," said Alam, who recently visited the three markets.

Textile millers usually see sales of more than Tk 35,000 crore ahead of the two Eid festivals. Of the sales, 75 percent take place ahead of Eid-ul-Fitr, according to Alam, also the chairman of the standing committee for local textiles and fabrics of the Bangladesh Textile Mills Association.

Amran Hossain Khan, chairman of Modina Dyeing Printing and Processing Industries Ltd in Munshiganj, said the number of orders received ahead of Eid this year is 25 percent less compared to last year.

"Orders have decreased due to the reduced purchasing power of people."

Khan also pointed out that the lack of uninterrupted gas supply at factories is preventing them from running in full swing, thereby negatively impacting the business.

Source: thedailystar.net – Mar 18, 2024

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NATIONAL NEWS

India's goods exports grow 11.86% to $41.4 billion, the fiscal's highest

India's goods exports grew 11.86 per cent to $41.4 billion in February 2024 (year-on-year), the highest monthly export in the current fiscal so far, powered by sectors such as engineering goods, electronics, chemicals, pharmaceuticals and petroleum products despite adverse factors like the Red Sea disruptions, slowdown of Western economies and fall in commodity prices, according to the Commerce Department.

Imports of goods in February 2024 posted a higher growth of 12.16 per cent to $60.11 billion, compared to imports in the same month last year, widening the trade deficit during the month to $18.7 billion from $ 16.57 billion in February 2023, per quick estimates released by the government.

Export optimism

"The month of February has surpassed all our expectations…It is giving me a lot of hope that when we end the financial year in March, our overall goods exports will be more than last year's record exports. All credit goes to our exporters, trading community, businesses and manufacturing units," Commerce Secretary Sunil Barthwal said on Friday.

On the continued crisis in the Red Sea where the Iran-backed Houthis are attacking shipments, the Secretary said that taking the Cape of Good Hope route to Europe had increased both the time taken and the costs of sending shipments from India. Despite that, exporters had been able to honour their existing commitments showing their resilience, he added.

Exporters, however, are apprehensive about the future with the tensions in West Asia and the crisis in the Red Sea leading to "unimaginably high freight rates. " Much will depend on the new contracts to be signed with buyers during the new fiscal as the exporters have been absorbing the burden of increased freight cost as per the old agreement," said Ashwani Kumar, President, Fieo.

In 2022-23, India's goods exports increased 6.89 per cent (y-o-y) to $451.07 billion.

In the April-February 2023-24 period, goods exports were at $394.99 billion, lower by 3.45 per cent, compared to exports in April-February 2022-23 at $409.11 billion. Exports in March 2024 may need to touch a new high for overall exports in fiscal 2023-24 to surpass last fiscal's performance.

Barthwal said that going by the WTO's projections of a 3.3 per cent growth in world trade in 2025, one would expect that 2024-25 would be a good year for Indian exports.

Trade statistics

Merchandise imports for the period April-February 2023-24 at $620.19 billion was 5.32 per cent lower than imports during the same period last fiscal. The merchandise trade deficit for April-February 2023-24, at $ 225.20 billion, was lower than the deficit of $245.94 billion during April-February 2022-23.

Exports from as many as 22 of the 30 key sectors, which also included handicrafts, coffee, tea, meat, iron ore, plastic, yarn and fabrics and ceramic products and glassware, posted an increase in February 2024.

Imports of items such as gold, electronic goods, machine tools, iron and steel, non-ferrous metals and chemicals increased in February 2024 compared to the same month last year.

The top export destinations for India in February 2024 were the US, the UAE, Singapore, South Africa, the Netherlands, Saudi Arab, the UK, China and Bangladesh.

The top import sources in February 2024 were Switzerland, UAE, China, Indonesia, Iraq, Saudi Arabia, Singapore and South Korea.

Source: thehindubusinessline.com– Mar 15, 2024

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Majority of issues in India-UK FTA towards resolution, says Commerce Ministry

The majority of difficult matters in India-UK FTA negotiations are moving towards resolution and both sides are actively engaged for a fair and equitable deal, Commerce Ministry officials said on Friday.

India and the UK launched talks for an FTA in January 2022 to boost economic ties between the two nations.

There are 26 chapters in the agreement, which include goods, services, investments and intellectual property rights.

Commerce Secretary Sunil Barthwal said both sides are actively engaged in talks and both of them "want a fair, equitable deal".

He was replying to media queries after the Ministry released trade data for February.

The 14th round of negotiations was held in January. Chapter-wise textual negotiations are near close and the schedule on goods and services is at an advanced state of negotiations, Commerce Ministry officials said.

Recently, a team from the UK visited India for negotiations on outstanding issues.

The bilateral trade between India and the UK increased to $20.36 billion in 2022-23 from $17.5 billion in 2021-22.

On the proposed free trade agreement (FTA) between India and Oman, Secretary Barthwal said this is a one trade pact, which will be concluded very soon.

When asked whether coming into force of Model Code of Conduct with the announcement of General Elections on Saturday would impact the pace of negotiations or signing of a new FTA till the new government assumes office, the official said, there is no restraint on ongoing projects.

India's 10 export destinations during April-February 2023-24 were UAE, Singapore, Netherlands, China, the UK, Saudi Arabia, South Africa, Germany and Bangladesh.

The top import sources were Russia, Switzerland, China, South Korea, Singapore, Iraq, Indonesia, UAE, Saudi Arabia and the US.

On smartphone shipments, the Commerce Ministry data showed that the US is India's top exporting destination with a share of 34.4 per cent from April-January 2023-24. The decline in the exports of smartphones to the US was also observed from the world along with China, Hongkong and Vietnam.

India's overall exports (merchandise and services combined) in April-February 2023-24 were estimated to be $709.81 billion, exhibiting a growth of 0.83 per cent over April-February 2022-23.

Overall imports in April-February 2023-24 were $782.05 billion, registering a contraction of 4.64 per cent over the corresponding period of the last fiscal.

Source: thehindubusinessline.com– Mar 16, 2024

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Mixed Performance for T&A sector as WTI sales down, WAI sales up in 9M FY24: Wazir Advisors

The Wazir Advisors, a leading financial advisory firm, released its latest textile and apparel sector performance report. The report, based on the Wazir Textile Index (WTI) and Wazir Apparel Index (WAI), reveals a mixed bag for the industry in the first nine months of FY24 (April-December 2023). The WTI, which tracks the performance of top Indian textile companies, paints a concerning picture. Consolidated sales for top Indian companies including Vardhman Textiles, Arvind, Indorama Synthetics among others declined by 2 per cent on an average in the first nine months of FY24 compared to the same period in FY23. This drop in sales is accompanied by a sharper decline in profitability.

The WTI EBITDA index, a measure of earnings before interest, taxes, depreciation, and amortization, fell by a significant 19 per cent year-on-year. This suggests that textile companies are struggling to maintain profit margins despite lower raw material costs (a trend observed in previous WTI reports). While Vardhman Textiles saw its sales growth drop 7 per cent, Arvind's dropped 14 per cent, KPR Mills saw 18 per cent drop. At the same time companies like Trident saw 18 per cent increase in sales growth, Wespun sa a 13 per cent increase and RSWM saw 2 per cent increase.

A consolidated analysis of major expenses reveals, the average cost of raw materials remained same in nine months of FY24 compared to the same period of FY23. Average employee expenses increased 2 percentage points same in nine months of FY24. At the same time other expenses remained the same in nine months of FY24 compared to the same period of FY23.

Apparel sector sales rise, but profits plummet

Interestingly, the Wazir Apparel Index (WAI) tells a different story for India's apparel industry. While consolidated sales for leading apparel companies grew by a modest 3 per cent in 9M FY24 compared to 9M FY23, the WAI EBITDA index witnessed a steeper decline of 27 per cent year-on-year. Moreover, the consolidated EBITDA margin for apparel companies remained unchanged compared to the previous year. This suggests that apparel companies are managing to maintain profit margins despite lower sales growth, possibly due to cost-cutting measures.

The companies under review in this category were: PDS, Pearl Global Industries, SP Apparels, Gokaldas Exports, Kitex Garments. Individually, only Pearl Global saw sales growth of 5 per cent while all the other under review saw negative sales growth.

Consolidated analysis of expenses for the top apparel players reveal the average cost of raw materials dropped by 5 percentage points in the first nine months of FY24 compared to the same period in FY23. Average employee expenses increase 3 percentage points in the first nine months of FY24. And other expenses went up 2 percentage points in the first nine months of FY24 compared to the same period in FY23.

Overall India picture

As per the report Index of Industrial Production (IIP) first nine months of FY24, remained the same for apparel but fell by 19 per cent compared to the same period in FY23. On the other hand the average Wholesale Price Index (WPI) for textiles decreased by -7 per cent and that of apparel increased by -1 per cent compared to nine months of FY23.

India's overall T&A exports fell by -5 per cent first nine months of FY24. At the same time China's cotton yarn imports from India increased from $53 million in nine months of FY23 to $554 million first nine months of FY24.

India's T&A imports have gone down by -17 per cent nine months of FY24; home textiles imports have gone up 4 per cent nine months of FY24.

Overall growth in Q3 but concerns remain

The report offers a glimmer of hope with data for the most recent quarter (Q3 FY24). Consolidated sales for all listed textile and apparel companies combined actually increased by 5 per cent compared to Q3 FY23. Similarly, consolidated EBITDA for the combined sector witnessed a modest increase of 1 per cent in Q3 FY24. However, the performance of the first nine months raises concerns about the long-term health of the textile sector, particularly with regards to profitability.

Source: fashionatingworld.com– Mar 15, 2024

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US, UAE, Singapore, South Africa give a fillip to India's exports in Feb

A turnaround in February shipments to key export destinations such as the US, United Arab Emirates (UAE), Singapore and South Africa led to double-digit export growth from India touching a 20-month high.

After growth in merchandise exports remained in negative territory for most of 2023, outbound shipments have turned positive for three consecutive months since December last year despite the continuing global economic turmoil.

Last week, Fitch Ratings raised its global growth forecast by 30 basis points (bps) to 2.4 per cent, saying that near-term world growth prospects have improved.

This reflects a sharp upward revision in the US growth forecast to 2.1 per cent for the calendar year, from its earlier projection of 1.2 per cent.

“An unprecedented pro-cyclical widening in the US fiscal deficit in 2023 boosted domestic demand and helped explain the surprising resilience of GDP growth. But we expect the fiscal impulse to fade this year and household income growth to slow. With lagged effects from last year’s monetary tightening still to come through as real interest rates rise, we expect quarter-on-quarter (Q-o-Q) growth to slow to a significantly below-trend rate later this year,” it added.

Shipments to the US — India’s top export destination — grew 22 per cent to $7.2 billion in February. Smartphones have become the most-shipped item ($530 million) to the US in January, growing at 79 per cent, thus replacing polished diamonds ($380 million).

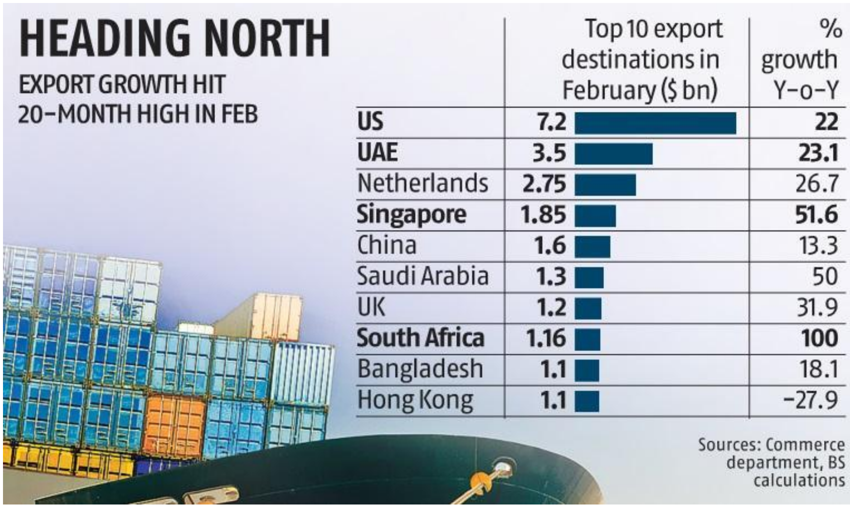
The US has also replaced UAE as the top export destination for Indian smartphones during April-January of FY24, valued at $4.1 billion vis-a-vis $2.2 billion, respectively.

Export of electronic goods, which include smartphones, jumped 54.8 per cent in February, showing continued growth.

Shipments to the UAE grew 23.1 per cent to $3.5 billion in February, making it the second-largest export destination.

Exports to the UAE were driven by unstudded gold ($317 million), smartphones ($237 million) and motor gasoline ($243 million).

Exports to Singapore grew 51.6 per cent to $1.85 billion in February. Singapore remained India’s fifth-largest export destination during April-February of FY24, while in February its rank improved two notches to fourth. For Singapore, it is mainly the spike in petroleum exports (280 per cent) that is driving shipments. This is evident from the latest disaggregated data available for January when overall exports to the country jumped 130 per cent.



	Top 10 export destinations in February ($ bn)	% growth Y-o-Y
US	7.2	22
UAE	3.5	23.1
Netherlands	2.75	26.7
Singapore	1.85	51.6
China	1.6	13.3
Saudi Arabia	1.3	50
UK	1.2	31.9
South Africa	1.16	100
Bangladesh	1.1	18.1
Hong Kong	1.1	-27.9

Exports to South Africa doubled to $1.16 billion in February, over a low base.

Cumulatively, for April-February of FY24, South Africa’s rank among India’s export destinations jumped to 10 from 16 in the same period a year ago. Petroleum products have been the top export item from India to South Africa.

After contracting for the first six months (April-September 2023), shipments of petroleum products have been growing at a faster clip since October. In January, such exports from India to South Africa grew 89 per cent to $219 million.

Among other top export destinations, shipments to Saudi Arabia (up 50 per cent), Netherlands (up 26.7 per cent), UK (up 31.9 per cent), Bangladesh (up 18.1 per cent) and China (up 13.3 per cent) saw double-digit growth in February.

However, exports to Hong Kong fell sharply by 27.9 per cent during the month.

Source: business-standard.com– Mar 17, 2024

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India-Bangladesh Rupee Trade: Slow start amidst dollar dominance

While India and Bangladesh launched rupee-based trade in June 2023 to reduce dependence on the US dollar, the initiative faces an uphill battle. With a turnover of just $0.46 million in nearly seven months, the program suffers from several challenges.

Current challenges

Dollar dominance: The global dominance of the US dollar for international trade settlements remains a major obstacle. Businesses are accustomed to dollar-denominated transactions, making them wary of the complexities and uncertainties associated with a new system.

LC complexities: The process of issuing and managing Letter of Credit (LC) for rupee-based transactions is still being established, leading to delays and complexities for businesses.

Exchange rate volatility: Fluctuations in the exchange rate between the rupee and taka introduce an element of risk for both exporters and importers, deterring them from adopting the new system. These factors, along with businesses' reluctance to embrace the new system due to initial hiccups with LCs, have contributed to the slow uptake.

Can rupee trade boost textile and apparel business?

Despite the current challenges, stakeholders believe in the initiative's potential, particularly for the crucial textile and apparel sector in both countries. However, India's perspective differs.

Bangladesh's dollar dilemma: Bangladesh struggles with dollar scarcity, making exploring alternatives like the rupee attractive from an import cost perspective. This could potentially lead to increased imports of raw materials like fibers, yarns, fabrics, and chemicals from India.

India's focus on raw material exports: For India, this initiative might hold greater significance for raw material exports to Bangladesh, which is more valuable than finished textile imports. It is important to note that India's primary interest in the rupee trade initiative lies in expanding its exports of raw materials like fibers, yarns, fabrics, and chemicals to Bangladesh.

By settling payments in rupees, India can lessen its reliance on the US dollar, which is crucial for managing its foreign exchange reserves. Facilitating trade in local currencies can strengthen economic ties between India and Bangladesh, fostering a more integrated regional market.

Success can be achieved through reduced transaction costs to begin with. Eliminating the need for currency conversion can lead to cost savings for businesses, making them more competitive. Also, faster trade settlement as Rupee-based transactions can potentially streamline the settlement process compared to dollar-based transactions, leading to quicker access to funds.

The bottomline is despite the current challenges, stakeholders remain optimistic about the initiative's potential. Addressing operational hurdles, such as simplifying LC procedures and mitigating exchange rate volatility, is crucial for broader adoption. Additionally, exploring the possibility of using Bangladeshi Taka in bilateral trade, alongside the rupee, could help address the trade imbalance between the two nations. This initiative, while facing initial hurdles, holds promise for fostering regional economic integration and potentially benefiting the textile and apparel sector in the long run. However, overcoming existing challenges and exploring further development opportunities will be critical for its success.

Source: fashionatingworld.com – Mar 15, 2024

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India's cotton panel CCPC estimates higher crop, export and consumption

Cotton balance sheet

In lakh bales

Particulars	2022-23	2023-24
Supply		
Opening Stock	39.48	61.16
Crop	336.6	323.11
Import	14.6	12.00
Total supply	**390.68**	**396.27**
Demand		
Non-MSME Consumption	197.8	201
MSME Consumption	99.83	100
Non Textile Consumption	16	16
Export	15.89	27
Total demand	**329.52**	**344**
Closing Stock.	61.16	52.27

* - As estimated by Committee on Cotton Production and Consumption (COCPC) in its meeting held on March 14, 2024

The Committee on Cotton Production and Consumption (CCPC), a body set up by the government comprising all textile industry stakeholders including farmers, has pegged the crop higher for the current season to September, while raising export and consumption estimates.

At a meeting held in Mumbai on Thursday, the CCPC, earlier known as the Cotton Advisory Board, also lowered last season's production and estimated imports higher.

The CCPC raised crop production for the current season (October 2023-September 2024) to 323.11 lakh bales (of 170 kg each) against 316.57 lakh bales estimated in November 2023. Last season, the crop was pegged at 336.60 lakh bales (343.47 lakh bales earlier).

Toeing Govt estimates

Cotton production estimate is in line with the Ministry of Agriculture's second advance estimate released on February 29.

While maintaining imports unchanged for the current season (October 2023-September 2024) at 12 lakh bales, it pegged the shipments into the country at 14.6 lakh bales (10 lakh bales) for the previous season.

With opening stocks pegged at 61. 16 lakh bales (64.08 lakh bales earlier), the overall supply for the current season has been projected at 396.27 lakh bales (392.65).

The CCPC, which meets twice a year to take stock of the cotton scenario in the country, has projected exports to increase to 27 lakh bales this season against 15.89 lakh bales last season. In November, the advisory body had pegged shipments out of the country at 25 lakh bales.

Domestic vs ICE rates

According to trade sources, Indian cotton has gained demand after prices on the Intercontinental Exchange (ICE), New York, surged and domestic prices were quoted at discount to ICE futures.

Currently, ICE May cotton futures are ruling around 93.33 US cents per pound (₹61,125 per candy of 356 kg). In Rajkot, Shankar-6 variety, a benchmark for exports, is quoted at ₹61,500 per candy.

The CCPC has projected consumption, including small spinners and non-textiles, of 317 lakh bales against its earlier estimate of 310 lakh bales.

The committee has cut the carryover stocks estimate to 52.27 lakh bales from 57.65 lakh bales earlier.

Source: thehindubusinessline.com – Mar 15, 2024

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Red Sea crisis to adversely hit trade volumes in 2024: India's GTRI

Increase in costs of shipping (40-60 per cent) and insurance (15-20 per cent) and delayed arrival of shipments (by up to 20 days or more) arising out of the Red Sea crisis will continue to disrupt global value chains, squeeze margins and make exports of many low-margin products unviable from current locations, according to the Global Trade Research Initiative (GTRI).

Added to the problem is potential cargo loss from piracy and attacks.

The Red Sea crisis started on October 19 last year when Iran-backed Houthi rebels in Yemen launched attacks on cargo ships apparently linked to Israel near their coast.

Countries in Europe, Asia and Africa will face the most disruption across industries and the crisis will adversely affect trade volumes in substantial ways this year, the Indian think tank noted in a recent report.

The disruption is significantly affecting Indian trade, especially with the Middle East, Africa and Europe, the report said.

Textile and leather companies, which operate on thin margins, are renegotiating shipping costs with buyers, affecting earnings, GTRI founder Ajay Srivastav said.

The GTRI report called for financial support and insurance schemes to Indian companies hit by these trade disruptions.

"The crisis also underscores the importance of exploring alternative maritime and land-based trade routes. This includes potential investment in the Northern Sea Route and expanded land transport infrastructure," said the report.

The India-Middle East-Europe Economic Corridor (IMEC) assumes importance in this context, Srivastava added.

Source: fibre2fashion.com – Mar 16, 2024

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Godrej Agrovet's crop protection biz unit launches pilot to reach out to cotton growers

Godrej Agrovet's Crop Protection Business unit has launched a pilot project, Sankalp, to reach farmers in every nook and corner to supply its products, the unit's Chief Executive Officer (CEO) NK Rajavelu has said.

The company is planning to come out with a complete digital programme from cotton farmers partnering scientific communities and "like-minded" seed companies this year, and launch a farmer-friendly app by next cotton season. "Today, when I go to the market, I can find a coke bottle in rural villages but not agro-chemicals. The need of the hour is to reach agro-chemicals to every nook and corner of a village," Rajavelu told businessline in an online interaction.

Reaching the last man

With this in view, Godrej Agrovet Limited (GAVL) recently launched the Sankalp programme. "This programme is to ensure that my distribution network is capable of reaching the last farmer in the rural village. We just started a pilot and we have operated in Vidarbha, Marathwada and Khandesh in Maharashtra from January onwards," the crop unit CEO said. Initial feedback showed the company got an "overwhelming" response, which gave the assurance the quality products are in demand, he said.

GAVL's crop protection business unit, which deals with insecticides, herbicides, fungicides, plant growth regulators and plant nutrition, is trying to connect with farmers through various digital methods.

"We are connecting to provide them with the right information. Plus, we also make sure that they can call us back and seek some information. We call it the information sharing centre where farmers can call us and we provide solutions," said Rajavelu.

To partner scientific communities

The crop business unit will enable a complete digital programme from this coming kharif season. "We are partnering with several scientific communities and working out several programmes to see what the best solutions are. So we not only will support today's problems but work on medium to long term solutions," he said.

This could either be in terms of new pipeline products or working on new products that can help farmers through digitalisation, the CEO said.

GAVL, which has a good relationship with Japanese companies such as Nissan and plans to launch several new Japanese molecules in the country, is working on another 2-3 new solutions for cotton. These will become available over the next 3-4 years and help farmers get multiple choices.

Stating that the crop protection unit has roped in 12.4 lakh cotton farmers through Whatsapp and call centres, it is trying to increase it to 20 lakh in the next one year.

Integrated system to connect

The GAVL's arm, a leader in providing solutions to protect the cotton crop particularly weeds, has made a survey and plans to work on a farmer-friendly app that will provide growers with information. Currently, the company has an integrated system where farmers are connected directly on a daily basis to provide crop advisory.

"We will have some frequency to contact farmers and it will depend on the need. The sowing season is important. When farmers purchase seeds and the monsoon is about to set in, we look at the situation and advise them," Rajavelu said.

Particularly after sowing, farmers will be told what precaution they need to take and what if rain comes early. "Cotton sowing will start early from this month (in Punjab) and we will engage farmers by providing information through March on weed management. We will put out simple explainer videos on controlling weeds with graphics and pictures which will help farmers understand better," he said.

After Punjab, the company will reach out to Haryana, Rajasthan, Maharashtra, Madhya Pradesh, Andhra Pradesh, Telangana and Karnataka for crop advisory.

In particular, the crop protection business unit will educate farmers on how to prevent attacks such as by the pink bollworm or any other major pest. “We will be giving not only for our herbicides but also products which we don’t have so that the information will be useful for the farmer,” the CEO said.

Model village concept

Pointing out that no new cotton variety has been released since 2006, which has resulted in increasing pink bollworm attacks, he said farmers can easily go for preventive measures at the flowering stage as soon as they detect any moth activity in or around their farms.

The company has adopted a model village concept where it takes an acre of land and sprays chemicals from first to last and shows growers how its plot is excellent in terms of yield and quality.

“And we show them the best pest management practices. We educate about Pink bollworm and how we prevented it. We promote not only herbicides but also insecticides. We do this for other crops such as chilli and we aggressively promote this,” Rajavelu said.

The crop protection unit of GAVL collaborated with Japanese firms to provide solutions for the chilli crop. “We launched three products in chilli to take care of major pests such as black thrips, caterpillars and mites. We have a good market share and are confident of our latest product that there will be no residue if chilli is exported,” the CEO said.

The company is also big in the grapes market with its product that is used for treating the fruit enjoying a 70 per cent market share, he said.

Source: thehindubusinessline.com – Mar 17, 2024

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