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INTERNATIONAL NEWS

How Cotton Incorporated Is Researching and Reducing Cotton's End-of-Life Impact

The environmental impact of a raw material encompasses its entire life cycle—from initial production to post-consumer processing.

With this in mind, research and promotion organization Cotton Incorporated is working to amplify cotton's inherent sustainable properties with circular solutions. On stage at the Sourcing Journal Sustainability Summit, executives from Cotton Incorporated detailed some of these efforts in conversation with editor in chief Peter Sadera.

While it grows, cotton sequesters or pulls carbon dioxide from the atmosphere, and every pound of cotton clothing holds about 1.6 pounds of CO2, according to Dr. Jesse Daystar, chief sustainability officer and vice president, sustainability at Cotton Incorporated. He added that cotton garments last, allowing for longer use. "It's a very durable garment, has many reuses and has many options at the end of life," he said.

One possible stream for cotton clothing waste is mechanical recycling, which breaks cloth back into fibers. A downside of this "very destructive process" is losing approximately half of the original cotton fiber length, according to Mary Ankeny, vice president, product development and implementation operations at Cotton Incorporated. To avoid quality, strength and performance issues, the organization recommends limiting recycled content to 20-30 percent and mixing these fibers with virgin cotton. Another opportunity for shorter fibers is nonwoven production, such as wipes or the insulation material that is made from denim collected through Cotton Incorporated's Blue Jeans Go Green program.

Aside from mechanical recycling, cotton can also be repurposed through chemistry. Cotton Incorporated has collaborated with North Carolina State University to develop a process that can turn cotton into glucose, or sugar. This solution seeks to divert difficult-to-recycle cotton—either because it is at its end of life or because it is blended with other fibers—from landfills. The science behind this is cotton's composition; the fiber is made of cellulose, a long-chain carbohydrate.

Once the glucose is produced, it can be used as an alternative to petroleum-based inputs for acids, detergents, cosmetics and more. “There is currently a movement in the industry to look at bio-based and biodegradable chemistry, and this just fits really nicely right in there,” said Ankeny.

As textiles are worn and washed, microfibers are released and can make their way into bodies of water. Along with N.C. State, Cotton Incorporated has studied how cotton and other fibers behave in aquatic environments. This research has shown that cotton’s biodegradation happens faster than that of an oak leaf. “Nature did design cellulose through evolution. It’s also designed to take care of it,” said Daystar. “We have natural systems, the bugs actually eat that and recycle it in a natural way.”

The organization’s studies have shown that this biodegradability remains in effect even for cotton with treatments or finishes such as water repellants, bleach and dyes. Although the biodegradation process may be slowed, small spaces in these coatings enable the microbes to reach the cotton and digest it.

In addition to water, cotton breaks down in soil, making composting another end-of-life option. A Cotton Incorporated and Cornell University study put jeans in soil to track the degradation in that environment. By burying cotton textiles in soil, the sequestered carbon is captured in the ground, and cotton can reduce the need for fertilizer by enriching soil. Lowering fertilizer needs has a carbon impact, since Cotton Incorporated’s life cycle assessment of cotton showed nitrogen-based fertilizers were a significant contributor to the crop’s total greenhouse gas emissions. “[Composting is] kind of an old technology but actually works very well for cotton,” said Daystar.

Beyond the life cycle benefits for cotton, market demand for natural fibers has been picking up, with Cotton Incorporated survey data showing that 72 percent of consumers are willing to pay more for natural fibers, while only 52 percent said the same in 2013. “The very best thing to do is to really thoughtfully purchase your cotton garments so that they last for more than one season, because you’re sequestering that CO_2 in your closet,” Ankeny said.

Source: sourcingjournal.com– Apr 01, 2024

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China sees 15.3% growth in online retail sales in early 2024

In early 2024, China has witnessed an expansion in online retail sector, with significant gains reported in the first two months, according to the latest figures from the Ministry of Commerce. The country's online retail sales have reached 2.15 trillion yuan (approximately $303 billion), marking a year-on-year increase of 15.3 per cent.

The surge in online retail activity was particularly notable in the sales of physical goods, which saw a 14.4 per cent rise from the previous year to 1.82 trillion yuan (approximately $2.51 trillion). This growth has also played a crucial role in the broader retail landscape, accounting for 22.4 per cent of the total retail sales of consumer goods in China.

Source: fibre2fashion.com– Apr 02, 2024

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U.S. cotton mills are rapidly closing

Bloomberg's Ilena Peng reported Saturday that cotton's "demand from U.S. manufacturers is on an unrelenting — and accelerating — decline. There were nearly 900 U.S. cotton mills operating around the time of the Chicago expo (in 1893). That number is today around 100, the National Cotton Council estimates, after eight closed in the last five months of 2023 alone."

"With domestic textile manufacturing nearly gone, cotton farmers who are this month starting to sow millions of acres from California to the Carolinas are less likely than ever to find a buyer for their next harvest at home," Peng reported.

Why demand is low and mills are closing

Farm Progress' John McCurry reported in early March that "changing trade deals, particularly NAFTA, wreaked havoc on the industry."

"Manufacturing leaders are blaming the recent precipitous closings of several mills on de minimis, a term which by definition means insignificant or negligible, but in this case means anything but," McCurry wrote. "It refers to a trade policy loophole that keeps imports under $800 free from taxes. The National Council of Textile Organizations says with the proliferation of ecommerce, 'the de minimis mechanism is now being aggressively used allowing millions of products in the U.S. market duty free that otherwise would be subject to tariffs.'"

"The NCTO blames de minimis on the loss of eight plants over the past three months," McCurry reported. "Prominent shutterings include 1888 Mills in Georgia, a National Spinning plant in North Carolina, a Gildan yarn plant in North Carolina and a Hanesbrands hosiery plant in Clarksville, Ark."

In addition, Peng reported that, "in other sectors, a recent push for re-shoring has brought a new wave of manufacturing back to the U.S., especially when it can help relieve shipping snags and geopolitical tensions — think semiconductors or industrial metals important for developing a domestic electric-vehicle supply chain.

But textiles aren't seen as having 'the same criticalness as a chip or certain minerals,' said Erin McLaughlin, a senior economist at the Conference Board, a nonprofit think tank — even if the urgent need for protective equipment like masks during the pandemic highlighted the importance of a U.S. industry."

Cotton mill use lowest since 1885

The United States Department of Agriculture Economic Research Service reported that "U.S. cotton mill use — the volume of raw cotton processed into textiles—is estimated at 1.9 million bales for the 2023/2024 marketing year (August–July). If realized, cotton used by U.S. textile mills would fall to its lowest level in more than 100 years—since the 1884/85 marketing year, when approximately 1.7 million bales were used."

"U.S. cotton mill use rose, peaking again in the mid-1990s, before the World Trade Organization (WTO) Agreement on Textiles and Clothing began phasing out quotas on developed countries' textile and apparel product imports," the USDA ERS wrote. "By the early 2000s, cotton mill use in several countries — particularly China — expanded to take advantage of the phased-out quotas on cotton product exports to the United States. Although U.S. raw cotton exports benefited from increased foreign mill demand, U.S. cotton mill use weakened, and the downward trend led to the near historically low 2023/2024 U.S. cotton mill use projection."

Peng reported that "more than three-fourths of U.S. cotton supply this year will be exported, government data show, the highest share on record. That outsized reliance on export demand leaves farmers more susceptible to geopolitics and other disruptions, said Gary Adams, CEO of the National Cotton Council."

Source: agriculture.com– Apr 01, 2024

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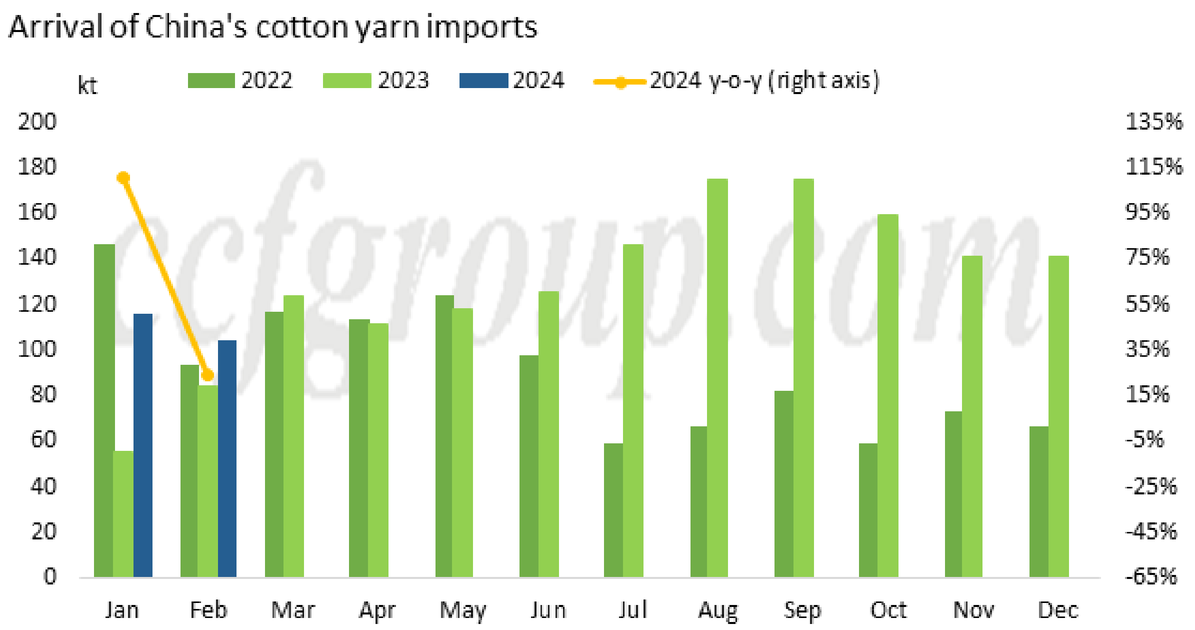
China's cotton yarn imports decrease in Jan-Feb 2024

I. China's cotton yarn imports showed a year-on-year increase but a month-on-month decrease in January and February 2024

According to the latest customs data, the import volume of cotton yarn in China in January and February 2024declined significantly compared to the second half of 2023. In January, the total import volume of cotton yarn was approximately 116,200 tons, a decrease of nearly 25,000 tons compared to December 2023.

In February, due to the impact of the Chinese New Year holiday, the import volume of cotton yarn further dropped to 104,300 tons. The bottoming out and rebound of external yarn prices before the Chinese New Year limited the opportunity for the Chinese market to stock up on purchases. The bottoming out and rebound of foreign yarn prices before the Chinese New Year limited the opportunity for the Chinese market to stock up on purchases.

However, the cumulative import volume of cotton yarn in January and February still showed a year-on-year increase of 58.33% compared to the same period in 2023, to some extent reflecting the high expectations placed on the post-holiday market by the trading sector in the previous period.

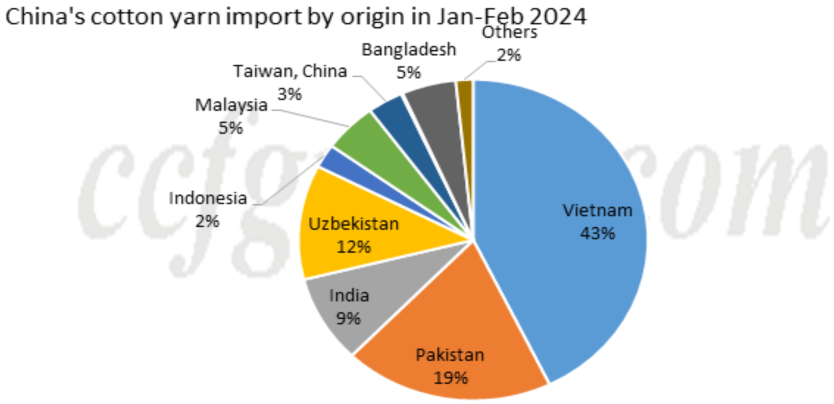


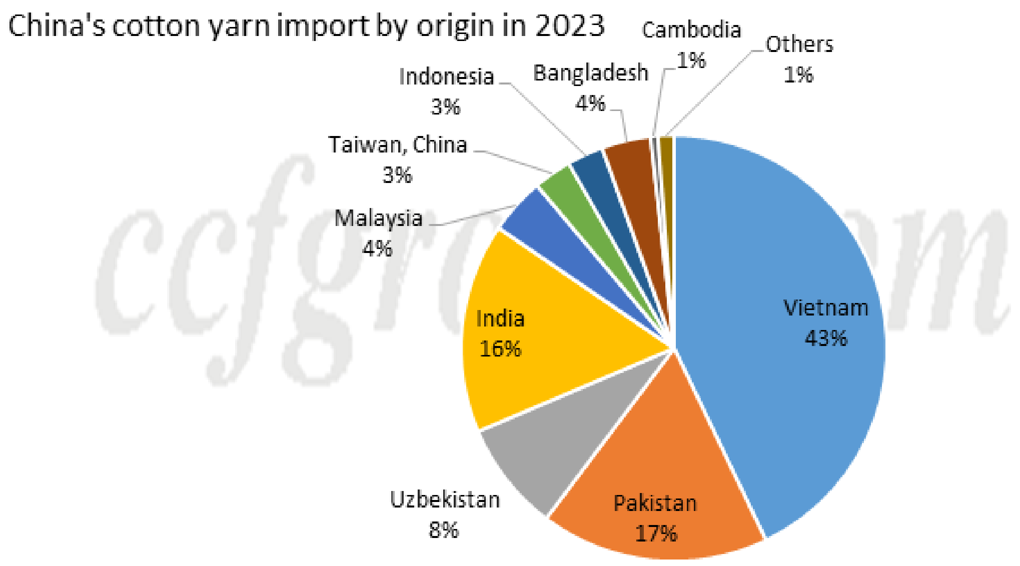
II. China's cotton yarn imports by origin in Jan-Feb 2024

In January and February 2024, Vietnamese yarn imports was around 94,400 tons, accounting for approximately 43% of the total, which was similar to its import share in 2023. Although the monthly import volume of Pakistani yarn slightly decreased compared to previous months, the total import volume in January and February still reached 42,800 tons, with its share rising to 19%, indicating a further expanding trend compared to 2023. Uzbekistan surpassed India to rank third, with a total import volume of 25,400 tons in January and February, accounting for 12% of the total.

The advantage of low prices in the previous period helped boost export sales. The monthly import volume of Indian yarn once again dropped below 10,000 tons, with a total import volume of 19,400 tons in January and February, reducing its import share from about 16% for the entire year of 2023 to 9%. However, its combed yarn has a relatively high.

Country or region	Import volume(kg)	Import value (USD)	Average import price($/kg)
Vietnam	94361617	241371654	2.56
Pakistan	42811415	100855106	2.36
Uzbekistan	25449578	57177955	2.25
India	19416340	51597162	2.66
Bangladesh	11042610	11352465	1.03
Malaysia	10972763	28458091	2.59
Taiwan, China	7258882	14854819	2.05
Indonesia	5252536	14076877	2.68
Cambodia	1493625	1561725	1.05
Ethiopia	458944	3847976	8.38
Tajikistan	422148	955714	2.26

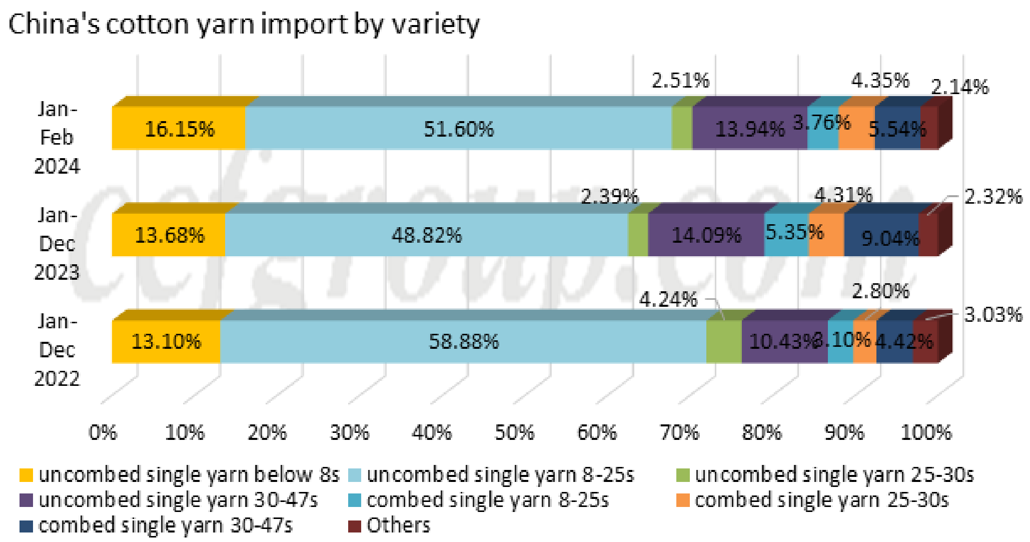




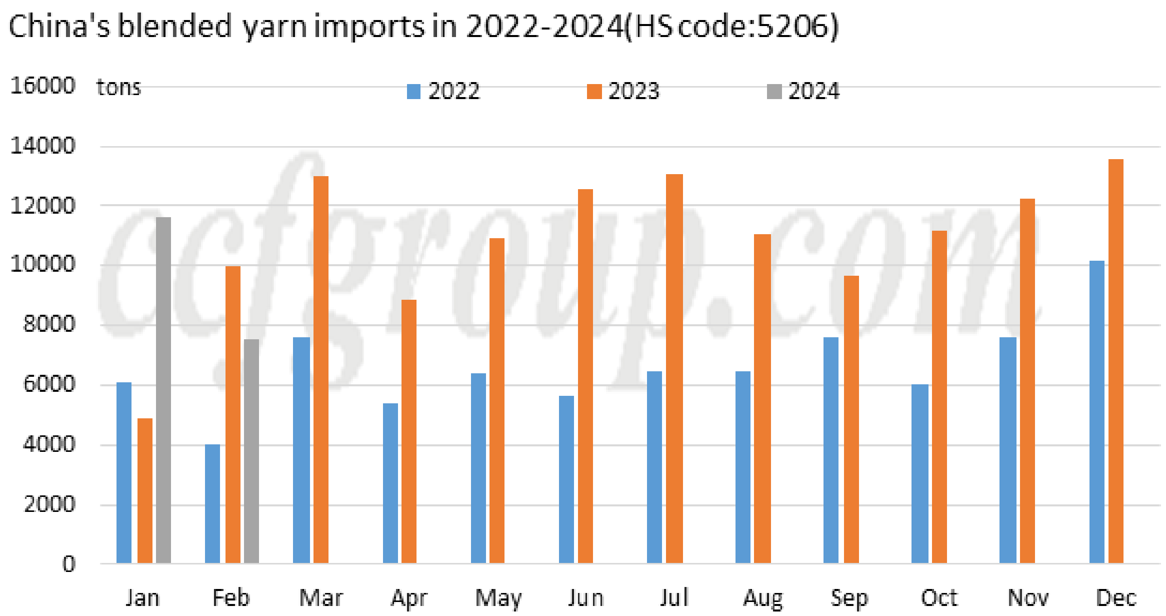
III.

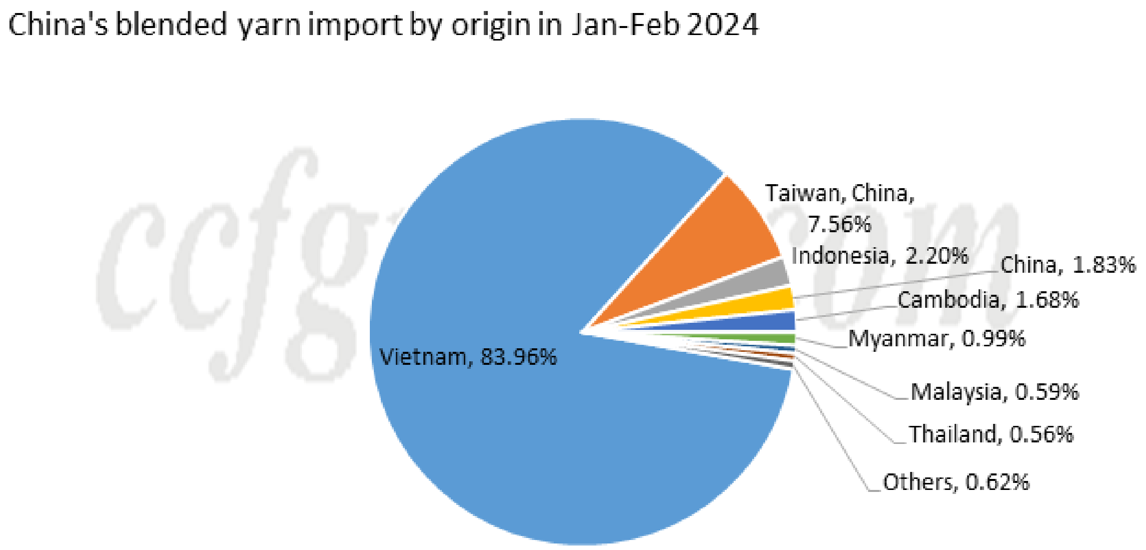
China's cotton yarn imports by structure in Jan-Feb 2024

It is not difficult to find that in January-February 2024, China's cotton yarn import structure is more concentrated on the conventional specifications. The proportion of carded single yarn below 8s has increased to 16.15% (35,600 tons); carded single yarn 8-25s accounts for over 50% again, totaling approximately 51.60% (113,700 tons); the proportion of carded single yarn 30-47s has decreased to 13.94% (30,700 tons). Comparatively, the overall proportion of combed yarn has significantly declined, especially in January-February, with only 12,200 tons of combed single yarn 30-47s arriving, accounting for 5.54%. The import share of combed single yarn 25-30s has slightly increased, reflecting the gradual increase in market demand for differentiated stocking.



IV. China's blended cotton yarn imports in Jan-Feb 2024





The data on the import of blended cotton yarn show that the overall import volume has not fluctuated significantly.

In January, the total import volume of blended cotton yarn reached 11,600 tons, and in February, due to the Chinese New Year holiday, only 7,544 tons were received.

In recent years, with the downgrading of overseas apparel orders and the continuous substitution of cotton, the overall import demand for blended cotton yarn in the domestic market has been increasing. At the same time, the accelerated pace of Vietnamese cotton yarn mills in switching production has provided the domestic market with more import choices.

In January and February, the blended cotton yarn from Vietnam still accounted for a high proportion of 83.96%, followed by 7.56% from Taiwan, China. The production demand for foreign blended yarns has to some extent driven the export of polyester staple fiber raw materials from China.

Source: ccfgroup.com– Apr 01, 2024

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Turkish manufacturing sector sees stable operating conditions in March

In March, Turkish manufacturers experienced stable operating conditions, with output slightly increasing while new orders and employment approached stabilisation, according to the Istanbul Chamber of Industry Turkiye manufacturing purchasing managers' index (PMI) produced by S&P Global.

Encouraging signs of demand improvement prompted firms to expand their purchasing activity, although inventories continued to decline. Despite a slight decrease from February's reading of 50.2, the headline PMI remained at the 50 no-change mark, reflecting overall stability in business conditions for the month. Inflation rates softened but remained elevated during this period. The stability in the health of the sector reflected little change in the main components of the headline index. Manufacturing production increased fractionally in March, while new orders and employment eased marginally but neared stabilisation.

In fact, new orders softened to the least extent in nine months, with this relative improvement in the demand environment encouraging some firms to expand production and increase purchasing activity, as per S&P Global. The respective increases in output and input buying were the second in as many months, with the rate of expansion in purchasing more marked than that seen in February.

Inventories continued to moderate, however, with stocks of both purchases and finished goods scaled back at the end of the first quarter. Some firms experienced delays in receiving inputs as a result of disruption in the Red Sea, with lead times lengthening for the third month running.

Weakness of the lira against the US dollar was again a key factor pushing up input prices, while some firms also reported rising raw material costs. The rate of input cost inflation remained sharp but eased to a three-month low. Selling prices also rose at the softest pace in three months during March, but the rate of inflation remained marked and was sharper than the series average.

Source: fibre2fashion.com– Apr 02, 2024

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Italy's consumer prices see slight rise in March 2024

Italy saw a modest increase in consumer price index for the whole nation (NIC) in March 2024, with a 0.1 per cent monthly increase and a 1.3 per cent annual uplift from the previous year, improving from February's 0.8 per cent year-on-year growth, according to preliminary estimates. The NIC also noted a 1.8 per cent annual increase for clothing and footwear, and a 0.3 per cent rise from the previous month, indicating a bounce back from winter sales impacts.

A significant contributor to the all-item index's annual growth has been the slower decline in energy product prices. Non-regulated energy products saw their price decrease rate narrow from minus 17.2 per cent to minus 10.3 per cent, while regulated energy product prices improved from minus 18.4 per cent to minus 13.8 per cent, as per S&P Global.

Core inflation in Italy, which strips out volatile items such as energy and unprocessed food, slightly increased to 2.4 per cent from 2.3 per cent in the preceding month. Meanwhile, inflation excluding energy ticked down to 2.5 per cent from 2.6 per cent, reflecting a nuanced inflation landscape.

The goods sector experienced a marginal year-on-year decline of minus 0.1 per cent, showing signs of stabilization after February's minus 0.9 per cent decrease.

Moreover, the Italian harmonized index of consumer prices (HICP) rose by 1.2 per cent on a monthly basis and 1.3 per cent on an annual basis, driven largely by the end of winter sales in the clothing and footwear sector, which are not captured by the NIC.

Source: fibre2fashion.com– Apr 02, 2024

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Can Türkiye's textile industry bounce back?

One year on from an earthquake that devastated regions heavily dependent on textile manufacturing, Türkiye — the world's fifth largest textile exporter — is showing its resilience. But, as concerns about conditions in the supply chain linger, a large question mark over its future as a sourcing destination remains.

Türkiye is home to 65,000 textile and apparel companies. The earthquake of February 2023 hit the regions of Gaziantep, Malatya, Adıyaman and Kahramanmaraş, which collectively contribute over 40 per cent of Türkiye's textile exports and 10 per cent of garment exports.

"The earthquake posed a severe challenge, impacting the country and its industries profoundly," acknowledges Ahmet Öksüz, chairman of the Istanbul Textile and Raw Materials Exporters Association (ITHIB). "It was recognised as one of the most catastrophic events in recent history, and it tested the resilience and operational capacity of the textile sector."

One year on, Türkiye is coping with problems shared by other exporting nations, including global economic uncertainty and inflationary pressures. In 2023, textile exports fell by 11.3 per cent year-on-year to $11 billion, while apparel exports were down by 10.7 per cent to $19.2 billion, according to Turkish export industry associations.

However, the country's proximity to the European Union gives it a powerful geographic advantage over Asian sourcing destinations. Industry representatives believe the sector will bounce back, particularly in the second half of 2024.

ITHIB is encouraging its members to invest in research and development to maximise competitiveness. Manufacturers are also working hard to deliver production that complies with new sustainability commitments and legislation.

"Innovation is critical in an era where consumers and businesses alike demand not only quality and cost-effectiveness but also sustainability and ethical production practices," Öksüz explains. "We aim to align our production processes with global environmental and ethical standards."

In March, the Istanbul Apparel Exporters' Association (IHKIB) initiated cooperation with non-profit organisation Wrap to develop a pilot project to incentivise Turkish companies exporting to the US to obtain Wrap certification.

Türkiye is also looking to new markets to counterbalance a decline in exports to its major customers in the European Union — including Italy, its most important export market. Trade delegations to Mexico, Colombia and Argentina are scheduled this year.

Ethical concerns

However, concerns remain about ethical malpractice and workers' rights in a country where independent unions, while permitted, do not operate with impunity.
Most Popular

A report by Clean Clothes Campaign (CCC), released in January, suggested that the earthquake exacerbated and exposed already difficult working conditions and violations of workers' rights in the textile sector, including concerns related to health and safety, instances of harassment and inadequate wages.

These issues have been identified in other exporting nations. "In countries that rely heavily on the garment industry, we see people without any real social safety net and for an industry that produces billions of dollars of profit every year, it's indicative of a system that is severely broken.

It generates so much wealth, but you have people working within the supply chain where if a disaster happens, they have nothing to fall back on," says Elizabeth L Cline, lecturer of fashion policy at Columbia University.

Following the Türkiye earthquake, more than half of the respondents to the CCC survey reported damage to their homes and said both factories and the government failed to provide sufficient assistance.

"One year later, tens of thousands of workers and their families still live in containers in these areas with little hope of securing permanent housing in the foreseeable future," says Mehmet Türkmen, president of workers' union Birtek-Sen.

Just over a third of workers who responded to the CCC survey also said they received no wages during enforced time off work. ITHIB refuted these claims. “The factories of many of our businesses were inoperable, despite severe operational disruptions, numerous companies continued to pay their workers for months, reflecting a deep-seated respect for labour rights and the human aspect of the industry,” says Öksüz. “While the industry as a whole is committed to upholding the highest standards, individual instances of non-compliance or shortcomings do not define the entire sector. It is not possible for workers to be victimised in a sector where social compliance and sustainability audits are multifaceted.”

Türkmen of Birtek-Sen claims significant action is rarely taken over grievances. “If an issue is reported to a brand, it takes some brands weeks before they respond — and weeks for a garment worker is a considerable amount of time. It results in financial losses for them if they’ve been wrongfully terminated or are striking before an issue is resolved,” he says.
The role of brands

Türkmen emphasises that these challenges persist because brands rarely visit or conduct audits, remaining largely disconnected from the processes within the factories with which they are contracted. For garment workers, there is apprehension about the future. “If orders start to increase, it will only mean more pressure on workers, which in turn leads to worsening conditions and lower wages,” Türkmen warns.

Despite the documented efforts of global fashion companies to address the aftermath of the disaster and to prevent the mistreatment of vulnerable workers, surveys conducted by the Business & Human Rights Resource Centre (BHRRC) and the Middle Eastern Technical University (METU) regarding their purchasing practices revealed responses considered unsatisfactory.

Click here for more details

Source: voguebusiness.com– Apr 01, 2024

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Japanese manufacturers' biz state fades for 10th month in a row in Mar

Overall business conditions among Japanese manufacturers deteriorated for the tenth consecutive month in March, though the rate of contraction eased from the previous survey period amid softer reductions in both output and new orders, according to S&P Global.

The headline au Jibun Bank Japan manufacturing purchasing managers' index (PMI)—a composite single-figure indicator of manufacturing performance—rose from 47.2 in February to 48.2 in March to signal a deterioration in the health of the Japanese manufacturing sector.

The reduction was modest, and eased to the softest for four months.

Firms continued to associate the declines to weak customer demand in domestic and external markets, which meant firms adjusted production accordingly.

At the same time however, firms looked to keep on top of capacity requirements by raising employment levels for the first time in three months.

The au Jibun Bank Japan manufacturing PMI is compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in a panel of around 400 manufacturers.

On the price front, firms recorded a further softening in the rate of input price inflation, bringing it to a 37-month low and in line with the long-run average. That said, prices charged for manufactured goods rose at the strongest rate since last December as firms looked to protect margins.

Contributing to the sub-50.0 PMI reading was a further solid contraction in output levels in March, though the rate of decline eased from that seen in February, S&P Global said in a release.

The rate of decline of new orders at the end of the first quarter this year eased from February, and was the softest for five months, though remained solid overall. According to respondents, demand in both domestic and international markets continued to cool. As such, the rate of contraction in the latter was the most marked seen since February 2023.

Weak customer demand allowed firms to work through existing orders, as signalled by a stronger fall in backlogs of work. Moreover, the rate of depletion was the second-strongest in the current 18-month sequence.

Firms often indicated they kept on top of capacity requirements to work through outstanding business. As such, manufacturers raised employment levels for the first time in three months and at the strongest rate since last July.

On the prices front, input cost pressures continued to ease in the latest survey period. Input prices rose at a strong rate that was nonetheless the softest since February 2021, and in line with the long-run average.

Firms centred hopes on a broad domestic and global demand recovery, which would in turn stimulate sales and new products.

Source: fibre2fashion.com– Apr 01, 2024

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Nigeria spends $4bn on textile products imports annually — Labour

About 90 percent of textile products in Nigeria valued at over $4 billion are imported into the country annually, National Union of Textile Garment and Tailoring Workers of Nigeria (NUTGTWN) has stated.

This is even as the federal government reveals strategies aimed at reviving the moribund sector.

Immediate past President of NUTGTWN, John Adaji, who disclosed this at the opening session of the just concluded 13th National Delegates Conference of the union in Abuja, called on the Federal Government to initiate policies aimed at reviving the moribund industry.

"90 percent of textile products in Nigerian markets today are imported. The government should revive and invest in the textile industry in order to create 2 million jobs in the country and as well reduce over $4 billion import bill incurred on textile and apparels annually," he stated.

Adaji lamented the high production cost of textile materials in the country, which he attributed to poor infrastructure and high energy cost.

He further noted that the industry continues to experience low patronage, particularly from government agencies and parastatals in spite of the Federal government's Executive Order 003 which mandates Ministries, Departments and Agencies (MDAs) of government to spend more of their budgets on locally produced goods.

Referencing the South Africa's clothing and textile sector which experienced a lull due to lack of local patronage and dumping of imported textile materials, he however noted that because of conscious efforts on the part of the South Africa government through "Buy South Africa" Campaign, the textile and clothing sector has been revived with many jobs created.

Meanwhile, also speaking at the conference, the Permanent Secretary at the Ministry of Industry, Trade, and Investment, Amb. Nura Rimi, expressed the desire of the government to revive the sector to its revenue generating status.

Rimi said the government had initiated lots of reforms geared towards resuscitating the sector, particularly in policy development and implementation to impact on both the industry and the economy.

According to him, the sector in the past employed at least 450,000 Nigerians, in over 170 textile mills throughout the country.

He said that the ministry was currently finalizing the textile adjustment tax levy, and stressed that the prospects and challenges in the CTG sector need cross- cutting efforts and strategic action by both government agencies, including the private sector to achieve the desired result.

Rimi some of the strategies put in place to ensure the sector's revitalization include a grant of N100 billion for purchase of equipment, delivery of seeds to cotton producers, issuance of Import Duty Exemption Certificates to duty-free machinery and spare parts importers and Federal Government's Executive Order 003, to boost local patronage and increase market access in the sector.

Source: vanguardngr.com – Apr 01, 2024

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Vietnam's manufacturing PMI dips in March 2024: S&P Global

In March 2024, Vietnam's manufacturing purchasing managers' index (PMI) fell to 49.9 from February's 50.4, marking the end of two months of improving business conditions at the beginning of 2024, according to S&P Global. Although the PMI dipped below the 50 threshold indicating no change, the index suggests that operating conditions remained largely stable.

There were signs of demand weakness in March, leading to a drop in new orders despite discounts being offered to help secure sales. New export orders were also down, and to the greatest extent since July 2023 amid competitive pressures and geopolitical issues.

With new orders down, firms also scaled back production at the end of the first quarter of the year, following growth in January and February. The drop in production was only marginal, however, and limited to intermediate goods firms as expansions were recorded at consumer and investment goods producers.

Despite the weakness seen in March, manufacturers were increasingly confident that production will increase over the year ahead. Optimism was the strongest in a year-and-a-half. Firms expect the launch of new products to boost output, while also hoping that an improvement in market demand will help to support new order growth.

Manufacturers also stepped up their recruitment efforts in March, raising employment for the second month running and at the fastest pace since October 2022.

Rising staffing levels, and a drop in new orders, helped firms to work through outstanding business for the second consecutive month. Moreover, the rate of depletion was the fastest in five months.

Lower output requirements led firms to reduce their purchasing activity in March, the fifth month running in which this has been the case. In turn, stocks of inputs decreased solidly.

Stocks of finished goods also decreased, and to the greatest degree in 33 months. Lower production and the shipping of products to customers were behind the drop in postproduction inventories. In a number of cases, goods destined for export had been dispatched.

Reduced demand for inputs contributed to a slowdown in the pace of input cost inflation, with the latest rise the softest since August last year and weaker than the series average. Where input prices did rise, panellists linked this to higher raw material and oil prices.

Manufacturers reduced their selling prices for the second time in the past three months. The marginal decline in March followed a slight increase in February and reflected a combination of competitive pressures, subdued demand and softer cost inflation.

Finally, suppliers' delivery times were broadly unchanged at the end of the opening quarter of the year. International shipping delays and conflicts led to delays receiving goods in some cases, but this was broadly cancelled out by vendors having sufficient inventory holdings to meet orders.

Source: fibre2fashion.com – Apr 01, 2024

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Bangladesh's struggle with GHG emissions in textile and RMG

Bangladesh's ready-made garment (RMG) sector contributes 15.4 percent of the country's greenhouse gas (GHG) emissions while the textile sector emits 12.4 percent, leading in carbon emissions and posing a challenge to achieving GHG reduction targets set in the Paris Agreement. On the other hand, despite contributing significantly to the GDP, these industries suffer from operational inefficiency, exacerbated by the use of outdated machinery and ineffective energy management.

The surge in industrial energy intensity raises concerns, casting a shadow over Bangladesh's ability to manage escalating energy demands while meeting its GHG emission reduction commitments. Textile and RMG manufacturers grapple with insufficient financial incentives, a shortage of technical expertise, and an absence of an enabling environment, which hinder energy-efficient practices.

Failure to overcome these barriers jeopardises Bangladesh's nationally determined contributions (NDC). The updated NDC commits to a 6.73 percent GHG reduction in the unconditional scenario and an additional 15.12 percent reduction in the conditional scenario with international support by 2030.

The textile and RMG industries in Bangladesh exhibit high energy intensity. Inefficient production processes and limited natural resource supply significantly contribute to elevated energy consumption, resulting in heightened CO_2 emissions. The adoption of energy-efficient technologies poses a substantial financial hurdle for many enterprises. Additionally, Bangladesh heavily depends on fossil fuels such as coal and natural gas for its energy mix.

This reliance on non-renewables accentuates the industries' carbon footprint. Furthermore, these industries generate significant volumes of waste, encompassing chemicals and by-products from dyeing and finishing processes. Inadequate waste management practices amplify environmental pollution, placing additional strain on the ecosystem. Finally, the industry's notable contribution to water pollution arises from the discharge of untreated waste into water bodies, posing risks to both the environment and human health.

In response, Bangladesh Bank introduced the Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garment (RMG) Sector Project (SREUP) in 2018. With 64.29 million euros in consortium support, this project has extended credit fund support to 23 factories and granted investment fund support to seven factories.

One such success story is Snowtex Outerwear Ltd, whose factory achieved significant reduction in light energy consumption, decrease in carbon footprint, and savings in machine energy usage. This case emphasises the broader potential for positive transformation within the industry through strategic interventions and collaboration.

Beyond Bangladesh, success stories from Welspun India and Mavi in Turkey showcase proactive sustainability integration in the textile industry. Welspun India prioritises sustainability through advanced water management, solar power integration, and responsible raw material sourcing. The company's commitment extends to sustainable farming practices, ensuring environmental and social well-being in its supply chain, showcasing how major players can actively contribute to environmental conservation, reduce carbon footprints, and champion ethical business practices.

Mavi, a well-known Turkish denim and apparel brand, has been actively involved in sustainable practices within the RMG industry, showing a commitment to using organic cotton and recycled materials into its manufacturing processes, reducing the environmental impact of raw material production.

As Bangladesh endeavours to harmonise economic growth with environmental responsibility, key steps include incentivising energy-efficient initiatives, nurturing technical expertise, and formulating policies that champion sustainable practices. This would involve encouraging textile and RMG manufacturers to embrace energy-efficient practices through a comprehensive incentive system comprising tax breaks, subsidies, or financial benefits, igniting motivation for investments in energy-saving technologies.

To address the shortage of technical expertise, the establishment of training programmes and partnerships within the textile and RMG sectors can be a strategic move. Collaborating with educational institutions and industry experts to craft specialised courses and workshops will also be pivotal. The development and implementation of a robust policy framework are imperative, setting clear environmental standards, offering guidelines for energy-efficient processes, and enforcing compliance to ensure businesses adhere to sustainable practices.

Facilitating collaborative efforts between the public and private sectors should urge dialogue and partnerships that unite government agencies, businesses, and non-governmental organisations. This can help both sectors address challenges, share best practices, and collectively work towards shared sustainability goals.

Lastly, an independent body should be set up and tasked with regularly assessing and reporting on the environmental impact of the textile and RMG industries. By weaving sustainability into their fabric, these industries can stitch together a narrative of resilience, meeting global standards not merely as an obligation but as a promise to the communities they call home. In each conscientious choice, they can thread a tapestry of hope, leaving an indelible mark that resonates not only with the industries but with the very soul of our shared future.

Growth is crucial, but it should never come at the expense of the environment and human life.

Source: thedailystar.net– Apr 02, 2024

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Bangladesh: BGMEA seeks Embassy's support to seize trade opportunities in Italy

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), sought the support of the Embassy to promote bilateral trade and investment, especially attracting investments from Italy in the promising industrial sectors of Bangladesh.

Faruque made the call when he paid a courtesy call on Monirul Islam, ambassador of Bangladesh to Italy, at the Embassy in Rome.

Embassy officials including Economic Counsellor Md. Al Amin and First Secretary (Labour) Ashif Anam Siddique were also present in the meeting, said a press release.

The discussions centered on the significant trade and investment opportunities between Bangladesh and Italy, with a particular focus on increasing Bangladeshi garment exports to Italy, especially high-value fashion products.

Faruque provided an overview of Bangladesh apparel industry's current state, future potential and vision.

He highlighted the industry's growing shift from basic to high-end products, particularly the fashion items based on man-made fibers and technical textiles.

Since the demand for high-end garments is significant in the Italian market, there is a considerable opportunity for Bangladesh to export such goods to Italy.

The BGMEA president emphasized the potential investment sectors for Italian investors, including non-cotton textiles, food and agro-processing, IT, light engineering, leather and shipbuilding.

He also requested the embassy's assistance in attracting Italian apparel buyers who do not source from Bangladesh.

Highlighting the direct flight between Dhaka and Rome, Faruque emphasized its significance in enhancing business communication.

He urged the envoy to streamline consular services and simplify the visa obtaining process for businessmen, with the aim of fostering increased business interactions.

Faruque also urged Ambassador Monirul to facilitate collaboration between BGMEA University of Fashion and Technology (BUFT) and fashion institutes in Italy to enhance the skills of BUFT students.

Source: daily-sun.com– Apr 01, 2024

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Pakistan, Japan pledge to strengthen trade ties

Envoy, minister discuss addressing import challenges to boost economic cooperation

The ambassador extended an invitation to Pakistani businessmen to participate in World Expo 2025, scheduled to be held in Osaka, Japan, in 2025, to promote economic cooperation. However, challenges faced by the Japanese business community in imports were highlighted by the Japanese ambassador. Khan responded by assuring government support to facilitate ease of doing business for local and international entrepreneurs.

Emphasising sustainable economic development, the commerce minister highlighted key sectors such as automobile, steel, machinery, textiles, minerals, and IT HR for potential collaboration with Japan. Moreover, Khan disclosed the Ministry of Commerce's comprehensive five-year plan aimed at streamlining business processes and attracting both local and foreign investors.

Both dignitaries reaffirmed their commitment to fostering a balanced trade environment and strengthening the longstanding bilateral relations between Pakistan and Japan. They also agreed to work towards enhancing the trade volume, which stood at $1.26 billion in 2022-23, according to sources from Federal Board of Revenue.

Source: tribune.com.pk– Apr 01, 2024

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NATIONAL NEWS

India's manufacturing PMI hits 59.1 in March, highest since 2008

Strong growth in new orders coupled with better output pushed the Purchasing Managers' Index (PMI) for India's Manufacturing Sector to a 16-month high of 59.1 in March, S&P Global said on Tuesday. The index was 56.9 in February. The good news is that job creation also gathered momentum after being in a lull for some time.

Manufacturing has an over 15 per cent share in Gross Value Added (GVA) and is considered the biggest job multiplier.

"India's March manufacturing PMI rose to its highest level since 2008. Manufacturing companies expanded hiring in response to strong production and new orders. On the back of strong demand and a slight tightening in capacity, input cost inflation picked up in March," Ines Lam, Economist at HSBC, said. S&P Global prepares the index based on responses of purchasing executives of 400 companies from different subsectors. An index above 50 shows expansion, while a below 50 index explains contraction.

The report accompanying PMI highlighted the improvement in job creation. "After leaving payroll numbers broadly unchanged in the previous two months, manufacturers in India took on additional workers in March. The pace of job creation was mild, but the best since September 2023. Anecdotal evidence highlighted the recruitment of mid-level and full-time employees," the report said.

There were some concerns on the pricing front, but that did not induce producers to complete pass-through. "There was a mild pick-up in cost pressures during March, but customer retention remained a priority for goods producers who raised their charges to the least extent in over a year," the report said.

It mentioned that growth of new orders accelerated to the quickest in nearly three-and-a-half years during March, amid reports of buoyant demand conditions. Inflows of new work strengthened from both domestic and export markets, the latter reportedly reflecting better sales to Africa, Asia, Europe and the US. New export orders increased at the fastest pace since May 2022. It may be noted that exports have been down for some time due to the geopolitical situation, so any improvement will significantly impact overall manufacturing.

This was clearly reflected in output growth. The report said that output rose for the thirty-third month running in March and to the greatest extent since October 2020. Growth quickened across the consumer, intermediate and investment goods sectors. As was the case for new orders, the steepest expansion in production was seen at investment goods makers. Because of the rise in output, input supplies also recorded a rise. "Quantities of purchases increased at the quickest rate since mid-2023, and one that was among the strongest in nearly 13 years, as companies sought to build-up stocks in advance of expected improvements in sales," the report said.

The report painted a mixed picture regarding the future outlook. Companies remained confident, on average, with 28 per cent forecasting output growth in the year ahead and 1 per cent expecting a contraction. Planned marketing, new product enquiries, and buoyant demand were all cited as reasons for optimism. "The overall level of sentiment remained elevated, but slipped to a four-month low as inflation concerns weighed on confidence," the report said.

Source: thehindubusinessline.com– Apr 02, 2024

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Mission 2047: India charts road to a developed economy

India is drawing up near, medium and longterm goals in line with its target to become a developed economy by 2047, with a focus on electric mobility, digitisation of payments infrastructure and high-speed expressways, officials said.

All central ministries will soon firm up plans indicating five-year budgetary requirements for better financial management, they said.

Extended producer responsibilities for goods such as cars, recycling centres for electronic waste like cell phones, comprehensive soil surveys, measures to raise farm output, holistic skilling of the country's youth, speedier production from auctioned mines and extensive assessment of Indian geology, and increased manufacturing output with lower emission intensity are some of the other key areas in focus.

Looking to Boost Job Creation

The overarching goal of both the short-term as well as medium and long-term plans is to lift the country's economic growth and boost job creation, keeping in view social progress, environmental sustainability, and good governance, the official said.

"All ministries are conducting fresh public consultations on both Vision 2047 and the nearer term goals," a senior government official said.

Some of the measures being identified as part of this plan are likely to be rolled out in the first 100 days of the new government taking charge.

The first inter-ministerial meeting with top officials to help define these goals under this initiative was held in the second fortnight of March 2024, said a government official.

Prime Minister Narendra Modi had rolled out the Viksit Bharat@2047 initiative in December 2023 to make India a developed nation in the 100th year of its independence.

The idea behind the exercise is also to have a projection for the spending these measures would entail in the long term, another official said. Long-term capital expenditure plans, subsidy and production-linked incentive (PLI) disbursals or sops under any policy will be part of the projection.

"Intentions to introduce any future sops, or extend applicability of existing ones, also need to be spelt out in advance," a second official said. "Measurable outcomes need to be defined and tracked under the 2047 targets."

Finance minister Nirmala Sitharaman had said in her February budget speech: "In July, our government will present a detailed roadmap for our pursuit of Viksit Bharat."

The Niti Aayog has estimated that the Indian economy will swell to $30 trillion by 2047, up from around $4 trillion now.

Source: economictimes.com– Apr 02, 2024

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India had favorable trade performance with EU, China in 2023: govt

India's imports from China declined 3% in calendar year 2023 over 2022, the commerce and industry ministry said Monday, adding that exports to both China and the EU rose 7.1% and 2.1%, respectively during the period.

The statement comes more than a week after report by the United Nations Conference on Trade and Development (UNCTAD) showed that India's trade dependence on China and the EU increased in 2023 while it reduced on Saudi Arabia.

In its Global Trade Update on March 22, the UNCTAD said that India's trade dependence on China and the EU increased 1.2% each in 2023 while it reduced 0.6% on Saudi Arabia. Trade interdependence between China and the US decreased further in 2023.

"The current observation of increasing India's trade dependence may carry negative connotation. However, detail analysis indicated trade dynamics in favor of India," the ministry said.

India's imports from EU increased 9.7% in CY2023, it said, adding that India mostly imports capital goods (35% in CY2022) and intermediate goods and raw materials (50% in CY2022) from the EU that are further used as input.

The highest increase of import from EU in CY2023 is observed in parts of telephone sets, telephones for cellular networks or for other wireless networks and of other apparatus for the transmission or reception of voice, images or other data which is an input for manufacturing of mobile and smart phones at $2.4 billion in 2023.

India's export of smart phones have risen 98.42% in CY2023 at $14.27 billion from $7.19 billion in 2022.

"As such, trade dynamics in CY2023 indicated a much more favorable trade performance for India with both EU and China," the ministry said.

Source: economictimes.com– Apr 01, 2024

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At $445 billion, FY24 goods exports a tad below FY23 level

The last-quarter spurt would see India's merchandise exports to be around $445 billion in the financial year 2023-24, about 1.3% lower than previous year's level of $451 billion. The new year is challenging and growth from hereon will depend on inflation-interest rate dynamics in the key markets of the US and Europe, trade experts said,

"The merchandise exports in March are expected to be around $ 40 billion, as $ 5-6 billion will be added to the monthly shipments number. This should take the overall exports for this year to $440-445 billion," director general and chief executive officer of Federation of Indian Export Organisations (FIEO) Ajay Sahai said.

Before exports started looking up from October 2023 onwards, there was a 9% year-on-year decline in April-September.

Services exports are up 6.7% on year till February to $314.8 billion. They are expected to end the year at around $345 billion. For 2023-24 overall exports are expected to touch $ 790 billion, up from $ 777.6 billion last year.

The decline of 1.3% in merchandise exports compares well with the 5% decline in world trade in goods in 2023 estimated by United Nations Conference on Trade and Development (UNCTAD).

The revival in performance of good exports since December and 12% growth in February coupled with steady growth in services exports would keep the overall exports of the country in the positive zone in the financial year ending March 31.

The next year appears challenging as there has been no let up in geopolitical frictions like the crisis in the Red Sea and Ukraine war that are directly impacting trade flows. The Red Sea crisis that has seen direct attacks on merchant shipping has indeed its sixth month while the Ukraine war has completed two years.

The Red Sea crisis has impacted freight rates and duration of voyages. So far buyers have adjusted to higher costs but still the impact could come on commodities trade, Sahai said.

The freight cost of commodities trade is much higher and margins are not enough to absorb any big fluctuations. The impact of the Red Sea may still come on commodities which may see trade shifting to geographies other than Asia, Northwest Africa and Europe that have been impacted most, he added.

The Indian government is monitoring the situation arising out of the Red Sea and other geopolitical disruptions through a high-level inter-ministerial group of officials. As of now there is nothing much that can be done by the government on the Red Sea situation.

"How inflation in the key market behaves and whether rate cuts would follow. If that (rate cuts) happen it would have a much more positive impact on exports in the coming year,: Sahai said.

In his remarks on Friday US Federal Reserve Chairman Jerome Powell indicated that interest rates would come down in 2024 but not before more confirmation comes on decline in inflation. This means the cuts will be in the later part of the year. Some expect the European Central Bank (ECB) to lead with the cuts, which can come as soon as June.

The US Fed started raising rates in March 2022 and the 11 increases since then have taken the benchmark rates 23-year high of 5.4%. ECB rates are at 4.5%. The increase in rates has led to compression of demand from economies that account for 33% of India's merchandise exports.

Source: financialexpress.com– Apr 01, 2024

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GST collection in March surges to ₹1.78-lakh crore

Improved compliance coupled with a spur in economic activity pushed GST collection to ₹1.78-lakh crore in March, the Finance Ministry reported on Monday. It is 11.5 per cent higher than March 2023 collection number of ₹1.60-lakh crore.

This is the second all-time high collection after ₹1.87-lakh crore in April last year. Collection in March is related with goods consumed and services availed in February. Since GST was first rolled out, April has consecutively registered record collection.

The Finance Ministry highlighted that FY 24 marks a milestone with total gross GST collection of ₹20.18-lakh crore, an 11.7 per cent increase compared to the previous year. The average monthly collection for this fiscal year stands at ₹1.68-lakh crore, surpassing the previous year's average of ₹1.5-lakh crore. GST revenue net of refunds as of March 2024 for the current fiscal year is ₹18.01-lakh crore, which is a growth of 13.4 per cent over same period last year.

Growth drivers

Experts felt that higher collection in March is on account of a combination of factors. M S Mani, Partner with Deloitte India said the latest collection demonstrates economic resurgence across sectors. It was possible due to the various measures taken by the GST authorities to improve compliance and stamp out evasion.

"The big focus on comparison of taxpayer behavior across tax and corporate databases has also made business convinced about the need to be compliant not only on their activities, but also keep track of their vendors tax behavior and ensure that the entire value chain becomes compliant," Mani said.

Resilience of economy

Some experts said it reflected the strength of the Indian economy. "The collection underscores the resilience of our economy in the face of global challenges. Furthermore, the annual gross revenue surpassing ₹20-lakh crore, strengthens India's position as a prominent player in the global marketplace," said Saurabh Agarwal, Tax Partner with EY India.

One important highlight was growth in collection across States and UTs. According to Ankur Gupta, Practice Leader Indirect Tax at SW India, the diversification of contributions from States beyond the traditionally dominant ones such as Maharashtra, Gujarat, Karnataka and Tamil Nadu is a positive sign. “This indicates the broader spread of economic activities across the country, driven by initiatives like Make in India and the Production-Linked Incentive (PLI) scheme,” he said.

Higher collection is expected to help the Centre do well on fiscal front and also ease in regulatory measures. Shravan Shetty, Managing Director at Primus Partners, said the latest number is in line with the budget estimate. “Maintaining this growth in the coming months will help the government meet its fiscal target. Fiscal prudence combined with record reserves will provide stability to the rupee and increase India’s attractiveness as a stable, high-growth economy in a sea of uncertainty seen across both developing and developed countries,” he said.

Adding to this, Gupta said as the tax base expands and taxpayers demonstrate greater compliance, there is a potential for reduction in scrutiny and routine notices. “This would be beneficial for businesses, as it would reduce the administrative burden and provide a conducive environment for ease of doing business,” he said.

Source: thehindubusinessline.com– Apr 01, 2024

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Red sea crisis Gujarat exporters turn to costly aerial routes

Over the past few months, global trade has been severely affected, primarily due to the disruption in one of the critical shipping routes — through the Red Sea. According to the International Monetary Fund (IMF), attacks on vessels in the Red Sea region have reduced traffic through the Suez Canal through which about 15% of the global maritime trade volume passes.

The Suez Canal is the shortest maritime route between Asia and Europe and, therefore, the disruption has had a critical effect on exports from India, particularly from Gujarat, a manufacturing-heavy state.

Amid worries about delayed shipments because of the brewing Red Sea crisis, exporters were compelled to turn to air cargo despite higher costs. The crisis had a greater impact on exports of food products, textile, pharmaceuticals, and engineering goods. Meeting the demands of buyers during Ramzan and Easter seasons has become a challenge for exporters, amid higher turnaround time.

Manufacturers of perishable goods, such as pharmaceuticals, have diverted shipments to air cargo. About 50% of the country's pharma industry revenues come from exports to the US and Europe. As almost two-thirds of Indian pharma exports take place through the sea route, costs are a key concern for pharma majors here. Non-perishable cargos like textile, auto parts and electronics, which are in demand due to the festive season in the Middle East and Europe, are also taking the air route.

Samir Mankad, the director of GSEC Aviation, which handles the Ahmedabad Air Cargo Complex (AACC), said, "In Oct 2023, the average daily air cargo volume stood at 80 metric tonnes (MT) at the Ahmedabad Air Cargo Complex. On a busy day, the unit used to handle about 100 MT.

Today, it handles 200 MT every day." A Mumbai-based logistics company is facing a similar issue. Mahesh Fogla, the executive director of the company, said, "Typically, we handle 600 MT air cargo every month for exports to East Africa, Kuwait, Saudi Arabia, Dubai, and Muscat, among others.

This has in- creased to 900 MT a month. Amid higher demand, air freight costs have also increased. For instance, an airline bound for Sudan used to charge Rs 320 per kg for garments. It now charges Rs 460. Air freight costs have gone up for all destinations.” Mankad attributes the rise in cargo volumes to the inoperational Gujarat Agro-run cargo terminal, the closing of the fiscal year, and the Red Sea crisis.

“Across commodities, including pharma, textile, agriculture and medical devices, the cargo terminal has witnessed an increase of 35% in volumes, which have been diverted from the sea route to the air route. Exporters are taking a hit because air cargo freight costs have also increased over the past three to five months,” Mankad said.

According to airline freight forwarders, the crisis has led to an increase in the cost of sea freight also because of a 15-20% rise in insurance premiums. Freight forwarders said that warehouses are chock-a-block with cargo piling up in warehouses.

Source: timesofindia.com– Apr 01, 2024

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