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INTERNATIONAL NEWS

Global cotton production, consumption set to rise in 2024-25: ICAC

The International Cotton Advisory Committee (ICAC) has projected increases in the cotton-producing area, production, consumption, and trade for the next season, 2024-25. The global trade body has stated that it is somewhat early in the process to become overly excited, but if the initial ICAC forecast holds true, the 2024-25 season will show gains in area, production, consumption, and trade.

According to the latest report by the ICAC, weather will be a crucial factor in driving cotton production upwards. It has been the only factor affecting cotton production in recent years. Weather conditions were responsible for the reduction in the cotton area in the current season.

Yields are expected to decrease by 0.12 per cent to 768 kg per hectare. Global cotton yield has been on a decline since the 2017-18 season due to extreme weather caused by global climate change and pest pressures exacerbated by adverse weather conditions, which are also a result of global climate issues.

The ICAC's projections for 2024-25 suggest that the cotton-producing area may increase by 3 per cent from the 2023-24 acreage, reaching 32.85 million hectares.

Production is anticipated to rise by just over 2.5 per cent to 25.22 million tonnes. Consumption is forecast to increase by 2.9 per cent to 25.37 million tonnes. Global cotton trade (imports and exports) is expected to grow by nearly 4 per cent from the 2023-24 cotton season to 9.94 million tonnes.

The ICAC's current price forecast for the season-average A-index for 2023-24 ranges from 85.67 cents to 100.62 cents, with a midpoint of 92.20 cents per pound.

Source: fibre2fashion.com– Apr 02, 2024

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Apparel, textiles sectors each see 10+% drop in trade in 2023: UNCTAD

Global trade declined in most sectors last year, except for pharmaceuticals, transportation equipment and road vehicles, the UN Conference on Trade and Development (UNCTAD) said in a recent report. Among the sectors where the value of trade declined by more than 10 per cent last year are apparel, textiles and chemicals.

With a marked shift in global trade along geopolitical lines and a major supply chain reset following the COVID-19 pandemic and the Russia-Ukraine war, India's trade reliance on China and the European Union (EU) has risen by an estimated 1.2 per cent, the report showed.

This occurred despite India's efforts to cut reliance on China through the production-linked incentive scheme and quality control orders to check the entry of cheap Chinese items.

India's trade reliance on Saudi Arabia fell by 0.6 per cent.

UNCTAD estimates a major shift in trade due to the Russia-Ukraine war. While Russia's trade dependence on China rose by 7.1 per cent, its reliance on the European Union (EU) decreased by 5.3 per cent—a result of Russian oil shifting from the EU to China and India.

China's two-way trade with Russia last year had hit $240 billion, Chinese customs data showed. Russia had also increased purchasing Chinese goods when major US and EU companies started exiting Russia after the war.

"During the last two years, the geographical proximity of international trade has remained relatively constant, showing minimal nearshoring or far-shoring trends. However, since the latter part of 2022, there has been a noticeable rise in the political proximity of trade," the UNCTAD report said.

"This indicates that bilateral trade patterns have been favouring trade between countries with similar geopolitical stances. Concurrently, there has been an increasing concentration of global trade to favour major trade relationships, although this trend has softened in the last quarter of 2023," it noted.

The United States, however, managed to cut reliance on China by 1.2 per cent last year and raise its trade dependence on the EU and Mexico.

Source: fibre2fashion.com– Apr 03, 2024

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China's manufacturing sector conditions improve further at Q1 2024 end

Manufacturing sector conditions in China improved further at the end of the first quarter (Q1) this year, according to the latest purchasing managers' index (PMI) data compiled by S&P Global.

This was driven by greater inflows of new work, including from abroad.

Manufacturers in the country, in turn, raised production, while also increasing their purchasing levels amid improved optimism, S&P Global said in a release.

Overall optimism among Chinese manufacturers improved for a third straight month in March. Firms pinned hopes of rising manufacturing activity upon a better economic outlook. The level of business confidence was the highest seen since April 2023.

Input costs, meanwhile, fell for the first time in eight months, enabling Chinese manufacturers to further reduce selling prices to drive sales.

The headline seasonally-adjusted PMI, a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy, rose to 51.1 in March, up from 50.9 in February, signalling a fifth successive monthly improvement in the health of the sector and at the most pronounced pace in 13 months.

Better demand conditions backed the latest advancement of manufacturing sector health. The rate at which new export orders rose, though modest, was the fastest in just over a year.

Employment levels declined again in March. Firms also opted to raise their holdings of raw materials and semi-finished items to meet current and future production needs.

In contrast, the level of post-production inventories fell for a second successive month as rising new orders led to increased outbound shipments of goods for the fulfilment of orders.

Source: fibre2fashion.com– Apr 02, 2024

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China's textile industry opens new opportunities

A NEW wave of vigorous industrial transformation is picking up speed, as the global industrial chain has become increasingly reshaped, which is expected to bring new opportunities and challenges to China's textile industry.

Increasingly, Chinese textile enterprises are boosting their digital transition based on 5G, industrial internet and artificial intelligence (AI) innovations. The sector is also witnessing a higher level of consolidation in the country.

The Chaoshan region, east of Guangdong province, has been a pioneer in the development of the textile industry in China and the world. Since the reform and opening up drive was kicked off in late 1970s, Shantou City, Guangdong, has seen a very fast development of textile and garment industry. In 2023, the total output value of the city's textile and garment enterprises above the government's designated size reached 111.8 billion yuan ($15.73 billion).

At the three-day China Chaoshan International Textile and Garment Exhibition (CTGE), which closed in Shantou City on Saturday, a good number of textile companies showcased their new technologies and clothing materials as they strive to achieve a rapid upgrade in the textile industrial chain.

The technological innovation in clothing materials and changes in the industrial and supply chains have made the Chinese textile sector very competitive in the global marketplace, compared with other textile plants elsewhere. China's standing as a strong textile manufacturing power is unlikely to change.

Low-carbon innovation

In recent years, Shantou City sped up industrial its transformation and upgrade, introducing environment-friendly equipment and highly innovative technologies. By making use of 5G, AI and latest robotic technology, the city's traditional labor-intensive assembly lines are giving way to green, low-pollution, high-tech and high-value manufacturing tools. As a result, innovation has injected rising impetus to accelerate the textile sector's growth.

The digitalization rate in Shantou's textile and garment industry has reached 55.6 percent, while nearly 75 percent of the equipment for raw material processing, weaving, dyeing and other procedures are becoming increasingly smarter, local government officials said during the CTGE.

Intelligent manufacturing has not only enhanced the city's production efficiency but also considerably contributed to the much-desired green transition.

Guangdong Rongchang Textile Industry Co. told reporters that the company has deployed a set of digital control systems including Internet of Things and enterprise resource planning, which enables the company to collect and analyze data through the whole production process, like energy consumption and quality control.

"New technologies help us curb the consumption cost in using raw materials and energy in manufacturing, while greatly [improving] recycling of wastes, and [achieving] green and low-carbon manufacturing," the company said.

"New technologies help us curb the consumption cost in using raw materials and energy in manufacturing, while greatly [improving] recycling of wastes, and [achieving] green and low-carbon manufacturing," the company said.

Click here for more details

Source: manilatimes.net– Apr 03, 2024

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Alternate Shipping Route Prepped Near Baltimore Bridge Collapse Site

A cleanup and recovery team at the collapsed Francis Scott Key Bridge in Baltimore is prepping to create an alternate channel to enable commercial essential vessels to access the city's port.

According to a Sunday note from the U.S. Coast Guard-led Unified Command response team, the action is part of a phased approach to opening the main channel. The temporary channel will be marked with navigation lights and will be 11-feet deep with a 264-foot horizontal clearance, and vertical clearance of 96 feet. A tugboat pushing a fuel barge headed for Delaware's Dover Air Force Base became the first vessel to bypass the wreckage on Monday.

An alternate channel will be necessary for the Port of Baltimore to fully reopen, as container vessels are currently blocked by the bridge's wreckage in the Patapsco River. The collapse occurred March 26 after the Maersk-chartered Dali container ship lost power and crashed into one of the bridge's columns, taking most of the overpass down with it.

Shipments originally headed for the Port of Baltimore are mostly divided among major ports in the northeastern U.S., according to data from supply chain visibility platform Project44.

Most of the rerouted cargo (43 percent) is headed toward Norfolk at the Port of Virginia, while New York is getting 26 percent of the shipments. Most of the remaining containers are going to the Port of Wilmington in North Carolina (13 percent) and Newark-Elizabeth in New Jersey (10 percent), while 8 percent are expected to travel to other ports.

Various ports along the northeast have pledged to take on the additional cargo, causing concerns about potential congestion. According to the Project44 data released Tuesday, there is currently no impact on import dwell rates at these alternate ports.

On the other hand, recent Drewry data indicates that congestion could still increase due to an expected jump in utilization rates at the northeastern ports. In 2023, total terminal utilization across the Baltimore, N.Y.-N.J., Philadelphia and Virginia hubs was estimated to have been 60 percent.

But when accounting for a 10.6 percent expected improvement in port throughput across North American ports in 2024, the removal of Baltimore from the equation could push the utilization rates in the region as high as 79 percent.

“Terminals operating at this level for a sustained period are likely to experience congestion, even more so if the increase in utilization occurs over a short time period,” said Eirik Hooper, senior analyst, ports and terminals, Drewry.

The shutdown of the Port of Baltimore also impacts those working at the gateway who are temporarily out of a paycheck.

On March 27, Maryland Senate President Bill Ferguson announced his office would draft emergency legislation for an income replacement program for impacted workers and businesses.

Called the PORT Act, which stands for Protecting Opportunities and Regional Trade, Ferguson said that the money would come from Maryland’s roughly $2 billion rainy day fund. The bill would establish temporary relief programs for the thousands of port workers and businesses impacted by the collapse.

A hearing on the bill was held 1 p.m. on Tuesday, with lawmakers hoping to pass the bill by the end of the week. The state has set up a dedicated unemployment line for all workers affected by the port closure.

Of the 15,000 employees estimated to be employed at the Port of Baltimore, roughly 2,400 are union dockworkers represented by the International Longshoremen’s Association (ILA). On Monday, union leadership held a members-only emergency meeting to update the workers on recent restoration efforts and implications on workers’ benefits and wages.

But ILA Local 333 president Scott Cowan told Baltimore TV news affiliate WMAR that there has been no timetable for a return.

“We are not getting any kind of ballpark yet,” said Cowan. “That channel needs to be opened within the maximum of four weeks to get these ships back in here and get the men and women of the ILA back to work, get the economy for the state rolling.”

Sourcing Journal reached out to the ILA.

In the fallout of the accident, the Dali's operator Synergy Marine Group and Grace Ocean Private Ltd. filed a court petition Monday seeking to limit their legal liability, a routine procedure for cases litigated under U.S. maritime law. With the case, a federal court in Maryland will ultimately decide who is responsible and how much is owed.

The filing seeks to cap the companies' liability at roughly $43.7 million, which would be light compared to the hundreds of millions of dollars in damage claims Grace Ocean could face, according to legal experts interviewed by Bloomberg.

In the position, the parties estimate that the Dali vessel itself is valued at up to $90 million and was carrying freight worth over $1.1 million in income for the companies. The estimate also deducts two major expenses: at least $28 million in repairs and at least $19.5 million in salvage.

Source: sourcingjournal.com– Apr 02, 2024

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East Asia Pacific to sustain growth amid global headwinds: World Bank

Developing East Asia and Pacific is growing faster than the rest of the world but slower than it was before the pandemic, the World Bank said recently in its semi-annual economic outlook for the region.

While recovering global trade and easing financial conditions will support economies in the region, increasing protectionism and policy uncertainty will dampen growth, it noted.

Regional growth is projected to ease to 4.5 per cent this year from 5.1 per cent last year, the update says.

Growth in developing East Asia and Pacific excluding China is projected to pick up to 4.6 per cent this year, up from 4.4 per cent in 2023.

Growth in China is projected to moderate to 4.5 per cent from 5.2 per cent in 2023, as high debt, a weak property sector, and trade frictions weigh on the economy.

Among Pacific Island countries, growth is forecast to slow to 3.6 per cent in 2024 from 5.6 per cent last year as the post-pandemic rebound dissipates.

“The East Asia and Pacific region is making a strong contribution to world economic growth, even as it faces a more challenging and uncertain global environment, aging population and the impacts of climate change,” said World Bank East Asia and Pacific vice president Manuela V Ferro, in a World Bank release.

“Countries of the region can sustain their growth momentum by accelerating the opening of more activities to private sector investment, resolving financial sector challenges, and boosting productivity,” she said.

The outlook is subject to downside risks, which include a greater than expected slowdown in the global economy, higher for longer interest rates in major economies, increased uncertainty around the world about economic policies, and an intensification of geopolitical tensions, the World bank document said.

The report offers evidence that productivity growth among leading firms in the region has lagged that of leading global companies. The gap is especially stark in digital-intensive sectors.

As new technologies typically gain traction first among leading firms and cascade later to other businesses, this trend raises concern across the business spectrum.

Impediments to competition, uneven worker skills and weak management contribute to lagging productivity growth among firms. Opening goods and services to greater competition and enhancing human capital – through investments in teachers and in tertiary education – can help increase productivity, the World Bank noted.

Source: fibre2fashion.com– Apr 02, 2024

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ASEAN manufacturing sector sees growth in Q1 2024: S&P Global

Growth within the Association of Southeast Asian Nations (ASEAN) manufacturing sector accelerated at the close of the first quarter (Q1) of 2024, according to S&P Global. The principal S&P Global ASEAN manufacturing purchasing managers' index (PMI) increased to 51.5 in March, up from 50.4 in February, signalling a robust enhancement in operating conditions and one that was the most marked in almost a year. Price pressures moderated since February. Cost burdens and output charges rose at the weakest pace in three and eight months respectively.

Demand for ASEAN manufactured goods bounced back as new orders rose for the first time in seven months in March. The rate of expansion was the fastest since mid-2023. However, the latest upturn appeared to have been driven primarily by domestic demand rather than international markets. In fact, the downturn in new export orders deepened and extended the current run of decrease to 22 months, as per S&P Global.

The renewed rise in new orders helped strengthen growth in output. The upturn here was the strongest in ten months. Backlogs also rose in March for the first time since last June, although only fractionally. Greater production requirements prompted firms to raise their staffing levels for the second consecutive month, albeit at a weaker and marginal pace. Buying activity also picked up. The latest upturn was the strongest recorded in the current five-month sequence of expansion. In terms of input delivery times, average vendor performance remained broadly unchanged despite demand conditions improving.

By country, improvements in operating conditions were largely centred around the Singaporean and Indonesian manufacturing sectors. Meanwhile, the Philippines registered only a modest improvement. Elsewhere, Vietnam's manufacturing sector recorded broadly no change in operating conditions, while the remaining three ASEAN constituents (Thailand, Malaysia, and Myanmar) all recorded deteriorations in March.

Looking ahead, sentiment across the region was largely optimistic. However, the degree of confidence remained historically subdued and slipped to an eight-month low.

Source: fibre2fashion.com– Apr 02, 2024

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Thailand-Sri Lanka FTA endorsed by Thai Parliament

Recently, the Thai Parliament endorsed the Thailand-Sri Lanka Free Trade Agreement (FTA), awaiting ratification by both the nations.

This marks Thailand's 15th FTA and the first under Prime Minister Srettha Thavisin's tenure.

Commerce minister Phumtham Wechayachai stated that the Ministry will prompt government agencies to fulfil necessary actions before formally notifying Sri Lanka of Thailand's completion of internal requirements.

The FTA aims to enhance Thai businesses' competitiveness and unlock trade and investment prospects, leveraging Sri Lanka's strategic position in pan-Indian Ocean trade routes. It foresees reduced tariffs on 85 per cent of products between the two countries, benefitting various Thai sectors such as textiles, pet food, automobiles, and electronics.

Additionally, Thai entrepreneurs gain expanded access to Sri Lanka's markets, including sectors like technology, finance, and hospitality, where Thailand demonstrates potential.

To safeguard Thai investors, the agreement reportedly includes provisions for dispute resolution in cases of expropriation or political instability, ensuring protection against adverse events.

In 2023, bilateral trade between Thailand and Sri Lanka amounted to $415 million, with Thai exports comprising gems, refined oil products, and textiles, while imports included gems, garments, and machinery.

Source: fibre2fashion.com– Apr 02, 2024

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Egypt's Cotton Is Poised to Return to Global Prominence

Cotton has been one of Egypt's main exports for over 200 years, but between 2006 and 2016, the production of Egyptian cotton experienced a significant decline, dropping by seventy percent.

To mitigate this decline, which has harmed Egypt's economy in the past five years, the government has put plans in place to bring back the cash crop to the forefront of world trade. Egyptian cotton plays a significant role in Egypt's economy, contributing to about 12 percent of the country's export earnings through the textile industry, as reported by the Egypt Business Directory.

Egypt is working to regain its leading position in the textile industry after Cotton produced in India, China, and the United States gained prominence. This effort is part of a comprehensive national strategy aimed at boosting the private sector's competitiveness in the textile industry while making optimal use of the country's resources.

Government interventions, such as the review of cotton production policies in 2017 and the establishment of spinning and weaving factories, have led to noticeable improvements in the quality of Egyptian cotton, as stated by the U.S. Department of Agriculture. Key initiatives have been launched since 2019, including improving the quality of cotton production, creating a favorable environment for farmers to enhance productivity, and modernizing spinning mills and production processes.

Recently, Egypt's Cotton Research Institute has also introduced six new enhanced cotton varieties, starting from the "Giza 94" and ending with the "Giza 98" variety, according to Walid Yahya, deputy director of the institute.

Yahya stated that the institute has been proactive in conducting guidance workshops for farmers in all governorates to ensure the production of high-quality cotton.

Egypt is on the right path

The Cabinet Media Center published a report earlier this month showcasing the positive outcomes of the comprehensive development efforts in the textile sector.

In the report, the center emphasized the strategic importance of focusing on enhancing the quality of cotton and creating an empowering environment for cotton growers. These efforts are crucial for motivating growers to boost their production levels.

The report also highlights the favorable international outlook on cotton production and the textile industry in Egypt, which could lead to Egypt regaining its lost leading position in textiles.

Fitch Ratings Inc. noted significant growth potential in Egypt's textiles and clothing sector, driven by factors such as a large workforce, relatively low wages, and planned improvements in working conditions and transportation infrastructure.

Additionally, the Swiss nonprofit Better Cotton Initiative (BCI) recognized Egyptian cotton for its exceptional quality, softness, and durability, attributing Egypt's reputation as a symbol of luxury and excellence in the textile industry to its rich historical legacy.

Other international organizations like the United Nations Industrial Development Organization (UNIDO) have highlighted the strength of Egypt's textile supply chain within the country, from cotton cultivation to final manufacturing, with significant potential for growth in secondary textile products.

The International Cotton Advisory Committee has also acknowledged significant progress in Egypt's cotton sector, with the government implementing a comprehensive strategy for cultivation and trade and investing in the development of cotton gins and industrial centers.

Despite challenges such as the Russian-Ukrainian war's impact on global trade, Egypt achieved record cotton exports in the 2022 season, demonstrating resilience and competitiveness in the international market.

Source: egyptianstreets.com– Apr 02, 2024

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‘A Mixed Bag’: Why Consumer Demand for Sustainability is Stagnant

It’s going to take creativity within the apparel supply chain in order to slow down the proliferation of textile waste and push back against greenwashing.

Even in a world where more brands are looking to accomplish both tasks, barriers exist all the way down to the consumer level, according to two textiles experts at Sourcing Journal’s Sustainability Summit in New York.

“As more brands get called out on greenwashing claims, whether it was intentional or not, that confuses the consumer, and in the end increases the problem of consumers not choosing the sustainable option,” said Constanza Gomez, CEO and co-founder at textile sortation and identification software firm Sortile.

“Because, in some sense, they don’t know if it’s truly sustainable. All of these basically just create more barriers, at least from a psychological standpoint and behavioral standpoint, to increase, more sustainable materials being included in the supply chain.”

Mustafain Munir, president of Bangladesh-based textile recycling mill Cyclo Recycled Fibers, called demand for sustainable apparel “a bit of a mixed bag,” observing that there is a gap between what consumers’ own perception of their purchasing habits compared to their actual purchasing habits.

“When it comes down to brass tacks at the store, are you purchasing something that is more sustainable? Or are you not purchasing something that you like better?” said Munir during the event. “The numbers show that it’s the latter, that people are purchasing what is cheap, what they like, rather than what is more sustainable if they’re not having to pay more money for it.”

For example, one Bain & Co. study from 2023 indicated that nearly half of all developed-market consumers believe that living sustainably is too expensive, even though those consumers said they were willing to pay an 11 percent premium for products with a minimized environmental impact. Consistent demand for sustainable apparel is required for brands to stand up processes to make quality recycled fibers, Gomez said.

“If you have demand one month, then nothing for three, then just one month again, then nothing for two, a lot of the collectors and sorters need consistent business and outlets for what they’re sorting for,” Gomez said. “That’s really difficult to manage, especially given cyclicality of the textiles industry.”

Apparel can take knowledge from other industries in scaling up textile recycling, especially given the time and costs involved.

Gomez highlighted industries including solar and renewable energy, as well as the electric vehicles (EVs) market, that have price parity—meaning they offer sustainable solutions are likely to cost as much as less substantial options. But she noted that even in those cases, it took decades for this parity to materialize amid years of private investment and government incentives, such as in EV automaker Tesla.

“The textile industry has not had anything like that to date,” Gomez said. “The Americas Act is something that could potentially bring some of that money into the industry. But I think it’s still in its infancy today and the potential to actually get more funding for the industry is going to be necessary for us to get to that price parity.”

The Americas Trade and Investment Act, or Americas Act, as it is often referred, is a bipartisan trade bill introduced in the U.S. Senate in March that includes more than $14 billion in federal incentives for businesses involved in the circular fashion space.

Munir stressed the importance of product quality, which he argued assisted Tesla in generating more subsidies.

“I did not join the business under the intention or pressure that it would be successful because only of force in terms of regulation incentives,” Munir said. “I wanted to make a product that people liked. If you’re not making a product that people like buying, it’s a non-starter.”

On the other hand, the addition of more legislation makes the production process and the incorporation of sustainable materials more of a challenge, Munir said.

While he expressed that the movement of sourcing out of China into countries like his own Bangladesh as a positive, he warned: “If you do a ‘guilty until proven innocent’ type model, it’s going to be difficult when you're dealing with recycled fibers or dealing with things that come from all over the region."

Cyclo's U.S. growth has stagnated, Munir said, "largely because of the risks associated with using buying recycled cotton for the fact that it could have Uyghur cotton in it."

Source: sourcingjournal.com– Apr 02, 2024

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AI's Role in Overcoming Post-Pandemic Supply Chain Challenges

Roger Mayerson, senior vice president and industry principal of apparel and soft goods at AI supply chain planning software company Logility, sees this post-pandemic period as challenging for retailers and brands from an inventory management and forecasting perspective. Mayerson said a shift in buying behavior, new channels of distribution and changes in online shopping preferences make the old forecasting model obsolete. Here, Mayerson discusses these challenges and how AI-powered technology can make forecasting easier and more accurate while transforming the supply chain.

FMG: From an inventory management and forecasting perspective, what are the challenges facing apparel retailers and brands?

Roger Mayerson: Over the past few years, we've seen a few primary challenges facing apparel retailers and brands.

The biggest challenge by far has been the unreliability of historical sales to create a good representation of future sales. The traditional way of forecasting, by relying on the past two to five years' worth of historical sales data to build a statistical forecast, doesn't work in a market that is facing constant disruptions. Brands are finding that the sales data from 2020 to 2022 is producing low-quality forecasts and they need to find a better way to build their demand plans.

There has also been an increase in the number of products being managed in the portfolio and the number of channels being used. This proliferation of complexity is stressing traditional inventory planning processes and tools. It's not just the continuing shift to e-commerce, but also within e-commerce, there has been a change in buying behaviors. For example, for many consumers delivery date has become more important than price.

We've also seen changes in the way products are promoted and the associated marketing spend. It's not just about discounts and ads anymore. Tailoring avatars or customer images with similar build, height or hair color can influence demand as much as a commercial or print ad once did.

FMG: How are new technologies such as AI, predictive AI and generative AI helping to transform traditional forecasting and inventory management?

R.M.: With AI first forecasting, the forecaster or demand planner needs to shift how they work. Understanding business trends, and customer shifts and explaining outlier data to the AI tools is more important now than being a statistical genius or data scientist.

Baseline results are more accurate and planner input or overrides can easily be measured to determine when to aid AI and when to step away.

Artificial intelligence is having a profound effect on the supply chain planning space right now. Leveraging the full spectrum of AI in an integrated platform is allowing brand owners to focus on forecast value added activities, take advantage of demand sensing and demand shaping opportunities, while simultaneously reducing their inventory levels without sacrificing customer satisfaction. It’s truly an exciting time to be in the supply chain space.

AI is enabling a new way to collaborate on the forecast. The old way of negotiating the “one-number” is out. Our clients have found they achieve much better results and more accurate forecasts with driver-based forecasting and collaboration around the components of demand. For example, collaboration now happens around the forecast inputs such as planned promotions and new product introductions. The AI is used to surface trends and identify outlier events that the planner can then use to train the AI. It is a fundamentally different approach, with a significant improvement in business outcomes.

One of the clearest use cases for generative AI is in-demand planning. There is so much data flowing in from POS systems to consumer sentiment that it’s hard to manage it and keep track of all the dashboards and reports. GenAI has democratized access to this critical supply chain data in a revolutionary fashion.

It has opened the forecast and demand drivers to groups outside of demand planners — such as sales, marketing and finance. It has proven to be a great way to bridge departmental silos and remove decision latency.

FMG: How does your company's platform work?

R.M.: Logility has the broadest end-to-end supply chain planning platform in the market. It covers many diverse supply chain planning needs like vendor management and compliance, product life-cycle management and traceability, manufacturing and supply optimization, demand and inventory optimization, and even network design optimization and business planning such as integrated business planning (IBP) or sales and operations planning (S&OP).

In addition to a fundamentally different approach to demand forecasting and industry-leading multiechelon inventory optimization capabilities, the breadth of our solutions supports clients facing the increasing complexity of global supply chains and the growing importance of data analytics and automation — especially the convergence of sourcing and planning. An integrated platform eliminates organizational silos which enhances operational performance. Many of our clients are using the Logility Digital Supply Chain Platform to share data and collaborate more closely between sourcing and planning teams, ensuring sourcing and procurement decisions align with production and inventory needs.

FMG: How would you describe the value proposition? And what are some of the ROIs retailers and brands can experience?

R.M.: Some practical accomplishments made possible with convergence by our clients include a major global apparel brand having 3,500 tier one and tier two suppliers cataloged for necessary certificates of compliance. They mapped 350 at-risk vendors and their suppliers through tiers of production in China for compliance. Having an alternate source for every material with a reasonable amount of effort and onboarding in a short time frame is one of the greatest examples of the power of convergence.

As consumer expectations of sustainable products grow, the convergence of sourcing and planning includes the ability to release information about the documentation of the physical products' journey from origin to consumer. Using recent vendor performance to auto-adjust lead times and inventory policies is another great example of convergence paying off in operational performance.

The key to accomplishing these great feats lies in Logility's business analytics layer, sourcing management capabilities, vendor management and supply planning optimizer.

FMG: How can technologies such as your platform help with improving sustainable practices?

R.M.: No one will argue that supply chains shouldn't be more sustainable. But the challenge is how do you actually get there, how do you manage it? There is a misconceived perception that sustainability is cost-prohibitive for a lot of organizations and that it is too expensive to operate a sustainable supply chain. We think that couldn't be further from the truth and the way we help brands achieve their sustainability goals without sacrificing profit is with the right applications of artificial intelligence and machine learning.

Logility has leveraged these technologies to help companies maximize their expansive data sets, getting the best information to guide their current sustainability strategies. What's more, AI enables brands to employ a digital supply chain twin, a virtual representation of their supply chain designed to reflect a physical reality that assists in analyzing different scenarios.

With the right tools and technology, modeling and continuous improvement are possible. Additionally, performing "what if" scenario modeling for alternative options and balance between objectives can foster the best sustainability outcomes. Long-term sustainability projects with higher upfront costs and longer payback periods demand rigorous data analysis to evaluate potential pain points, trade-offs and other potential pitfalls.

For example, constructing a new distribution center or reworking a network can produce higher short-term costs for long-term savings. Shuttering an old plant to build a new one requires a large investment but pays off with increased productivity, efficiency and lower costs in the long run. Similarly, while nearshoring requires upfront work and can carry higher production costs, it offers significant savings on fuel and transportation.

Modeling and remodeling these scenarios empowers decision-makers to leverage artificial models to inform real-world decisions.

Source: sourcingjournal.com– Apr 02, 2024

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Teejay Lanka's ESG Strategy for Success in Global Apparel & Textile

Salman Nishtar, Group COO of Marketing & Supply Chain of Teejay Lanka, discusses the company's proactive approach to integrating ESG (Environmental, Social, and Governance) principles into its core business strategy to succeed in the rapidly shifting landscape of the global textile & apparel industry, driven by changing consumer behaviours and regulatory demands.

For context: Give us an overview of the textile and apparel industry and the factors shaping its future, particularly how consumer behaviour and regulations are shifting due to increasing demands on ESG.

The textile industry is a multifaceted sector that encompasses the production of fibres, yarns, fabrics, and finished textile products, playing a significant role in the global economy.

Traditionally, the apparel industry heavily relied on cotton, primarily sourced from regions such as India, the USA, and Australia, with fabric manufacturing concentrated in China and the South Asian region. However, there has been a notable shift in recent decades towards synthetic fabrics, driven by changing lifestyles, notably the rise of athleisure and activewear segments.

Today's consumers increasingly seek personalized items and prioritize traceability and sustainability in products, influencing supply chain dynamics. This shift has prompted changes in supply chains, with a focus on alternative options and sustainability practices. Consequently, production is diversifying beyond traditional hubs, expanding towards countries such as Vietnam, Bangladesh, Indonesia, and East Africa, including some South American countries.

As market dynamics evolve and demand for ethical and sustainable practices grows, Environmental, Social, and Governance (ESG) considerations have become paramount, shaping manufacturing practices and reporting standards. Teejay, a global fabric manufacturer, exemplifies this trend, underscoring the increasing importance of ESG factors in the industry's evolution.

Can you take us through your ESG initiatives, and how incorporating them into the core business is helping Teejay Lanka successfully navigate a competitive global industry?

Sustainability has been woven into the fabric of Teejay since its inception. Our sustainability footprint, "Abhivaraha 2030," is centred around climate action, responsible resource consumption, and biodiversity enhancement, all in alignment with the UN Sustainable Development Goals. Our commitment to reducing greenhouse gas emissions, validated by the Science Based Targets initiative, ensures alignment with a 1.5°C trajectory. Concurrently, we are targeting a 42% reduction in Scope 1 & 2 emissions and a 25% reduction in Scope 3 emissions from purchased goods and services by 2030. To support biodiversity, we have pledged to plant one million trees along the banks of the Kelani River by 2050 and have already initiated reforestation projects in India and Sri Lanka at a Group level. Our sustainability endeavours have earned us the top spot in the Higg Index among fourteen thousand global players, underscoring our dedication to eco-friendly practices.

On the social front, our Corporate Social Responsibility (CSR) initiatives include raising awareness about sanitation and constructing washroom facilities in schools. Additionally, we collaborate with partners to supply hygiene products to schools, promoting health and hygiene standards. We have also launched the Akura programme, where we create books from unused paper of used books for schools, promoting sustainability and education simultaneously. In terms of Diversity, Equity, and Inclusion (DEI), our "SheCan" initiative focuses on increasing women's leadership at the Group level, and we exclusively operate the knitting operation in our India plant with female employees.

Furthermore, Teejay has been ranked as the No. 1 corporate for transparency in corporate reporting for the second consecutive year by Transparency International Sri Lanka, reflecting our commitment to governance.

What are the particular challenges the company had to confront in its ESG journey and how were these overcome?

Despite our ambitious long-term goals, we've meticulously broken them down into manageable three-year rolling plans, continually funding initiatives based on thorough study and analysis. To address challenges, especially concerning Environmental, Social, and Governance (ESG) factors, we have adopted a holistic approach. While our efforts have been ongoing, we have formalized the structure with a top-down approach.

The management approaches are annually reviewed by Teejay's Cross-Functional Team, facilitated through the central Sustainability Department. Overall guidance is provided by the CEO, alongside the administration, occupational health and safety, CSR, corporate communications, and legal teams, ensuring effectiveness and applicability. Additionally, Teejay has established a Steering Committee for Environmental, Social, and Governance (ESG) Management to strategize and formulate policies and procedures as necessary. The progress of our ESG journey is reviewed quarterly, with relevant actions taken at the management level to enhance or further strengthen ongoing initiatives.

Given our manufacturing background, significant changes are necessary, particularly in transitioning our energy sources. The introduction of solar energy to manage our energy sources is currently underway.

What is your approach to aligning people – from employees to customers, suppliers and community – to a shared vision around commercial vision and ESG?

Our organizational values are deeply entrenched in a commitment to collaboration, which significantly influences our approach to communication and strategy development. Clear and effective communication is paramount to our operations, ensuring that our strategies are not only well-understood but also promptly implemented across the organization.

Furthermore, partnerships play a pivotal role in our initiatives, as evidenced by our ongoing collaborations with partners to assess the feasibility of specific projects. We actively engage with external stakeholders, including suppliers, customers, industry associations, international non-governmental organizations (INGOs), and government agencies, to amplify the impact of our Environmental, Social, and Governance (ESG) initiatives. We are deeply involved in sustainability and compliance initiatives undertaken by various brands, to enhance transparency throughout our value creation process.

As a multinational organization, we consistently seek out opportunities for shared value creation and collaborative action on issues of mutual concern, including climate change, supply chain sustainability, and community development.

What's next for Teejay Lanka and how do you intend to further sharpen the ESG focus?

We aim to achieve net zero emissions by 2050, driven by our steadfast commitment to conducting business ethically and sustainably in alignment with our values. We've established ambitious targets for both 2030 and 2050, supported by a well-structured plan that guides our journey towards this overarching objective. While implementing such changes demands significant effort and dedication, we are resolutely committed and have already initiated concrete steps towards realizing this goal.

One such initiative involves the creation of a monitoring system, designed to track metrics such as carbon emissions, water usage, and energy consumption, enabling us to optimize our resource efficiency. Embedded within ESG principles is the ethos of accomplishing more with less, accentuating efficiency and sustainability. We are wholeheartedly dedicated to modernization, which reflects our continual commitment to advancement and transparency.

Source: economynext.com– Apr 02, 2024

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Australian manufacturing sector faces sharp deterioration in March

Australia’s manufacturing sector conditions deteriorated at the fastest pace since May 2020, according to the latest data from Judo Bank. The headline seasonally adjusted Judo Bank Australia manufacturing purchasing manager’s index (PMI) by S&P Global was 47.3 in March, down from 47.8 in February.

This signalled a second successive monthly deterioration in manufacturing sector conditions. Although moderate, the rate of contraction was the most pronounced since May 2020.

Price pressures softened in March. Lower input cost inflation contributed to output prices rising at the slowest pace in three-and-half years.

Incoming new orders for Australian manufactured goods declined for a sixteenth successive month in March. Additionally, the pace of decline was sharp and the joint-fastest since the height of the pandemic in May 2020 (matched only by November 2023).

This was attributed to elevated interest rates and subdued economic conditions according to panellists. New export orders likewise depleted in March, but at only a modest pace. The reduction in new work resulted in lower output in March. Nonetheless, despite firms further cleared their level of outstanding work, as per S&P Global.

Shrinking capacity requirements led employment levels to fall in March, contrasting with the long-run trend of growth. Furthermore, the rate of job shedding was the fastest since June 2020.

Australian manufacturers also lowered their purchasing activity at a marked pace, leading to a renewed fall in stocks of purchases in March. At the same time, the level of post-production inventories eased in March. This reflected caution among Australian manufacturers in holding additional warehouse stock during a time of receding demand.

Vendor performance meanwhile continued to deteriorate at a marked pace at the end of the first quarter, though driven mainly by Red Sea and other external disruptions according to anecdotal evidence.

Turning to prices, average input costs continued to increase on the back of rising raw material and transport costs. However, the rate of inflation softened in March. In turn, selling prices at Australian manufacturers increased at a slower pace, the softest since September 2020. Rates of input cost and output price inflation were also well below their respective series averages.

Finally, sentiment in the Australian manufacturing sector remained positive at the end of the first quarter of the year with firms hopeful of a rise in sales in the coming 12 months. The level of confidence fell for a second straight month to the lowest of the year so far, however, as concerns over heightened competition, elevated interest rates and rising costs dampened optimism.

Source: fibre2fashion.com– Apr 02, 2024

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New Cotton Project: Creating a circular future for fashion

The EU-funded New Cotton Project has successfully concluded its three-and-a-half-year mission of exploring the possibilities of fibre-to-fibre recycling in the textile industry. Here's a breakdown of the project's concept, goals, progress, and potential impact:
Concept and initiative

The project aimed to establish a circular value chain for garment production. Discarded textiles were collected, sorted, and transformed into Infinna fibers, a regenerated cellulose material developed by Infinited Fiber Company. These fibers were then used to create new fabrics for clothing lines.

The project aimed to establish a closed-loop system for garment production. Here's how it worked:

1. Collection and sorting: Used clothing was collected and sorted.

2. Regeneration: The sorted textiles were transformed into new, high-quality Infinna fibers using Infinited Fiber Company's technology.

3. Manufacturing: The regenerated fibers were spun into yarns and woven into fabrics.

4. Production and sales: Leading brands like Adidas and H&M used these fabrics to create garments like the adidas by Stella McCartney tracksuit and an H&M printed jacket and jeans.

Scalability and circularity impact

While the project utilized Infinited Fiber Company's technology, the learnings and established collaborations emphasize open knowledge sharing and new forms of partnership across the textile industry. This suggests a future where the core concept of fibre-to-fibre recycling can be adapted with advancements from various players.

The project highlighted challenges in scaling up this process. Here's what's needed:

Collaboration: Different industry players need to work together, with design incorporating end-of-life considerations from the start.

Infrastructure development: Improved systems for used textile collection, sorting, and pre-processing are crucial.

Data availability: Better data collection on textile waste quantities and types is essential for informed decision-making.

The project's success suggests Infinna-like regenerated fibers can significantly reduce the environmental impact compared to traditional materials like cotton and viscose. However, widespread adoption requires ongoing research across the entire textile value chain, particularly in sorting technology. The impact on overall circularity is difficult to quantify at this stage. However, the project has demonstrated the potential of regenerated fibers to significantly reduce the environmental footprint compared to traditional materials.

The consortium emphasizes the importance of clear and unified EU legislation to drive sustainable practices in the textile sector. Aligning Extended Producer Responsibility schemes with Ecodesign regulations will help companies prepare for a more circular future.
Looking ahead

The New Cotton Project serves as a stepping stone for a more circular textile industry. Key takeaways include:

1. The importance of collaboration across the value chain.

2. The need for innovation in sorting and recycling infrastructure.

3. The significance of clear consumer communication regarding circularity.

4. The potential of legislation to drive sustainable practices.

The project paves the way for commercially viable circular textile production. However, some aspects need addressing. Chemical recycling optimization, ensuring high chemical recovery rates is necessary to minimize the process' environmental footprint. Educating consumers about circularity in textiles is crucial for wider acceptance. Supportive policies like ‘Extended Producer Responsibility’ can incentivize sustainable practices.

While challenges remain, the project has shown that regenerated fibers like Infinna can be a game-changer for sustainable fashion. With continued research and development, this technology has the potential to revolutionize the way we produce and consume clothing.

Source: fashionatingworld.com– Apr 02, 2024

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Mexico reassesses anti-dumping duty on PFY imports from India, China

Mexico's Ministry of Economy is currently reassessing the anti-dumping duty applied to imports of polyester filament yarn (PFY) from India and China, categorised under tax number 5402.33.01.

This review has been prompted by a reevaluation of the circumstances which initially led to the imposition of the duty. The Ministry has concluded that the closure of the applicant's operations in September 2023 has altered the landscape, potentially rendering the domestic PFY industry unaffected by imports from India and China.

The applicant, who had initially requested the imposition of anti-dumping duties back in 2020, ceased operations in 2023, further prompting the Ministry's review.

During the course of this review, the Ministry will carefully consider whether it is appropriate to maintain, modify, eliminate, or reapply the definitive countervailing duty on imports of PFY from China and India.

To provide context, Mexico had initiated an anti-dumping investigation into polyester filament yarn originating from these two countries on March 31, 2020. Subsequently, on September 29, 2021, Mexico issued a final affirmative ruling on the matter, deciding to impose an anti-dumping tax of US $0.532 per kg.

However, due to the adverse impact of the COVID-19 pandemic on the Mexican textile industry, the implementation of these anti-dumping duties was postponed for one year.

Following the expiration of this extension, Mexico proceeded to impose the anti-dumping duty. Nonetheless, in light of the closure of the applicant's factory, the Ministry has opted to revisit the matter and undertake a thorough review of the anti-dumping duty's applicability.

Source: fashionatingworld.com– Apr 02, 2024

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Myanmar targets cotton cultivation across 747,000 acres by FY28

Myanmar will grow cotton in 612,712 acres across 19 cotton plantation zones in six states and regions during fiscal 2024-25 (FY25), with the area under cultivation rising to 747,000 acres by FY28, according to the country's minister for agriculture, livestock and irrigation U Min Naung.

The government estimates 700 visses (over 1,143 kg) of cotton will be produced per acre.

Naung and chief minister of Magway Region U Tint Lwin met cotton producers and farmers in Magway late last month.

He also urged departments, businesspersons and farmers to collaborate to overcome difficulties and limitations encountering in cotton plantations and productions.

The Magway Region had 172,793 acres under cotton plantation in FY23, 217,416 acres in FY24. The projected area under cotton cultivation in the region is 266,800 acres in four agricultural zones in FY25 and 350,000 acres in FY27, domestic media outlets reported.

Source: fibre2fashion.com – Apr 03, 2024

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Bangladesh: Exports mark modest annualised growth, miss set targets

Merchandise exports fetched Bangladesh US$5.10 billion in March in a 9.88-percent annualised growth but narrowly missed the month's target in sync with past nine-month trend.

Overall export trade of the country during the past nine months of the current fiscal year (FY) from July to March also marked a growth by 4.39 per cent to US$43.55 billion, but the earnings fell 5.86-percent short of the target set for the period, according to latest official data.

The March 2024 earnings slightly missed the target by 0.88 per cent.

The export receipts were worth US$4.64 billion in March 2023, according to Export Promotion Bureau (EPB) data published Tuesday.

And during the July-March period of FY 2022-23, Bangladesh earned US$41.72 billion, the EPB data showed.

As usual, apparel shipments overwhelmingly dominated the invoice in both cases because of lack of major breakthroughs in governmental emphasis on diversifying the export basket and market.

Out of the total March '24 earnings, readymade garment (RMG) earned US$4.34 billion, registering an 11.71-percent growth, for the third successive month after three consecutive months of negative growth since October 2023.
The apparel sector alone earned US$3.89 billion in March 2023.

Back in the July-March period of FY 2022-23, Bangladesh earned US$41.72 billion, the EPB data showed, accounting for 5.86-percent fall from the period's target.

During the July-March period of FY 2023-24, the RMG exports earned the country $37.20 billion-US$21.01 billion from knitwear and US$16.19 billion from woven garments-in a 5.53-percent growth, according to the EPB data.

On the downside, the home-textile subsector witnessed a decline of 25.98 per cent during the July-March period of FY '24, with earnings amounting to $636.53 million.

Asked about the trade performance, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan reiterated that 2023 was a challenging and difficult year for them as buyers placed less work orders as they sold from their piled-up inventory.

"Global market was slow while local shipments witnessed negative growth in major markets," he said. "But we could navigate as the buyers' stocks started decreasing at the end of last year, resulting in the rise of work orders."

The industry leader, however, calls on exporters to negotiate with their respective buyers for better pricing as he has noticed many of the exporters having received orders at lower prices to run their businesses amid a slump in orders.

For sustaining the pace in a latest rebound, he stressed the need for ensuring uninterrupted supply of energy.

Echoing the BGMEA leader, Fazlee Shamim Ehsan, vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), says work orders are coming to Bangladesh in recent months but are small in volume.

He opines that this might be changing strategy of buyers mainly to shorten lead time and hopes the growth might sustain for next two or three months.

"We currently have work orders for next couple of months as buyers are placing small-size orders," he told this FE correspondent, adding that they usually receive large volumes of work orders that enable to plan better.

According to the EPB data, exports of jute and jute goods during the period under review stood at $659.54 million, registering a fall of 5.6 per cent.

Earnings from agricultural items like vegetables, fruits and dry foods, however, registered a growth of 5.6 per cent to $715.84 million during the first nine months.

Export earnings from engineering products decreased by 2.77 per cent to $389.18 million during the July-March period while frozen and live fish exports decreased 13.66 per cent to $299.2 million.

Bangladesh received $794.19 million from the export of leather and leather goods in July-March, registering a negative growth of 13.65 per cent.

Pharmaceutical exports fetched $151.46 million, registering a 14.39-percent growth.

Exports of footwear other than leather items also increased 7.67 per cent to $385.73 million.

The EPB data also showed that exports of plastic products witnessed an 18.16-percent growth, reaching $182.8 million.

Bangladesh in the last fiscal year bagged a record-high $55.55 billion in earnings from merchandise exports, riding on a double-digit growth for readymade garments.

Source: thefinancialexpress.com.bd– Apr 02, 2024

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Pakistan: High costs restrict textile exports

Pakistan's textile exports marginally increased by 3% and reached $1.3 billion in March 2024 compared to the same month of last year, according to provisional data compiled by the All Pakistan Textile Mills Association (Aptma).

Last year in March, textile manufacturers had exported goods worth $1.26 billion. When compared with exports of $1.41 billion in February 2024, textile shipments registered a slump of around 8% in March 2024.

Earlier, textile exports surged 20% in February compared to shipments of $1.18 billion in the same month of the previous year. However, on a month-on-month basis, textile exports dropped over 3% in February against $1.46 billion in January.

Exports have registered an increase for four consecutive months as compared with last year. Overall, exports of the textile industry have remained stagnant in the first nine months of the current financial year, recording a decline of 0.3%, or $0.04 billion, to $12.44 billion.

Industry officials attribute the decline to a manifold increase in input costs for textile manufacturers, which makes exports uncompetitive in the international market.

The textile sector has already warned the Special Investment Facilitation Council (SIFC) about the likelihood of a further decline in shipments in the absence of financially viable energy supplies.

It pointed out that the lack of a competitive energy source for the industry was a major obstacle in the way of sustaining manufacturing activities and competing internationally.

Exporters enjoyed a regionally competitive energy tariff of 9 cents per kilowatt-hour (kWh) in financial year 2021-22, which resulted in a record growth of 54% in textile and apparel exports, from $12.5 billion in FY20 to $19.3 billion in FY22.

However, the power tariff for export-focused firms was later increased to over 14 cents per kWh, leading to a decline in textile and apparel exports to $16.5 billion in FY23.

The electricity price for industrial consumers has been raised from 14 cents per kWh to approximately 17.5 cents (Rs46) on account of quarterly tariff adjustment, driven by the falling power consumption, and fuel charges adjustment of Rs7.056 per kWh for January 2024.

The power-sector regulator has recently notified a hike of Rs2.7492 per kWh in the uniform tariff that burdens consumers with an additional cost of Rs85.2 billion for the second quarter of FY24. The textile industry fears that the recent increase in power tariff will have a further negative impact on exports owing to high input costs.

The electricity tariff for Pakistan's textile industry is more than twice the average tariff paid by competing companies in regional economies such as Bangladesh (8.6 cents/kWh), India (average 10.3 cents/kWh and 6 cents/kWh for textile and apparel firms in Maharashtra) and Vietnam (7.2 cents/kWh). Furthermore, gas prices for industrial consumers have been jacked up to Rs2,750 per million British thermal units (mmBtu), an increase of 223% since January 2023. This has dented the financial viability of the captive power generating plants of industrial units, which comprise a significant part of the industry.

Consequently, textile and apparel exports have stagnated around $1.4 billion per month, which is $600 million below the installed capacity of $2 billion per month. Textile millers' body Aptma has underlined the need for the government to adopt the Competitive Trading Bilateral Contracts Market (CTBCM) model to enable business-to-business (B2B) electricity supply contracts with the use-of-system/ wheeling charge of 1-1.5 cents per kWh, excluding cross-subsidies and stranded costs.

The demand is aimed at enabling the industry to procure green energy at competitive end-user prices through captive power generation from geothermal plants in the depleted oil fields, hybrid solar-wind plants and other green energy producers. Additionally, the textile industry has called for increasing the ceiling on solar net-metering for industrial consumers from 1 megawatt to 5MW in a bid to facilitate the transition towards net-zero emissions by adding over 3,000MW of clean energy at the point of consumption, with no investment or guarantee from the government.

Source: tribune.com.pk– Apr 03, 2024

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NATIONAL NEWS

World Bank projects Indian economy to grow at 7.5% in 2024

The Indian economy is projected to grow at 7.5 per cent in 2024, the World Bank has said, revising its earlier projections for the same period by 1.2 per cent.

Overall, growth in South Asia is expected to be strong at 6.0 per cent in 2024, driven mainly by robust growth in India and recoveries in Pakistan and Sri Lanka, the World Bank said in its latest South Asia Development Update on Tuesday.

According to the report, South Asia is expected to remain the fastest-growing region in the world for the next two years, with growth projected to be 6.1 per cent in 2025.

"In India, which accounts for the bulk of the region's economy, output growth is expected to reach 7.5 per cent in FY23/24 before returning to 6.6 per cent over the medium term, with activity in services and industry expected to remain robust," the bank said in its report. In Bangladesh, output is expected to rise by 5.7 per cent in FY24/25, with high inflation and restrictions on trade and foreign exchange constraining economic activity.

Following the contraction in FY22/23, Pakistan's economy is expected to grow by 2.3 per cent in FY24/25 as business confidence improves. In Sri Lanka, output growth is expected to strengthen to 2.5 per cent in 2025, with modest recoveries in reserves, remittances, and tourism.

"South Asia's growth prospects remain bright in the short run, but fragile fiscal positions and increasing climate shocks are dark clouds on the horizon," said Martin Raiser, World Bank Vice President for South Asia. "To make growth more resilient, countries need to adopt policies to boost private investment and strengthen employment growth," he said.

"South Asia is failing right now to fully capitalize on its demographic dividend. This is a missed opportunity," said Franziska Ohnsorge, World Bank Chief Economist for South Asia.

If the region employed as large a share of the working-age population as other emerging markets and developing economies, its output could be 16 per cent higher, Ohnsorge said.

In India, the World Bank said, economic activity surprised on the upside in 2023Q4, with growth of 8.4 per cent from a year ago. “The expansion was supported by rapid increases in investment and government consumption. More recent survey data point to continued strong performance,” it said.

In February, India’s composite purchasing managers index (PMI) stood at 60.6, well above the global average of 52.1 (a value above 50 indicates expansion). Growth in FY2023/24 is estimated to have exceeded earlier forecasts, it said.

According to the report, in India, inflation has remained within the Reserve Bank of India’s 2–6 per cent target range since a spike in mid-2023, and the policy rate has remained unchanged since February 2023. Food price inflation has been elevated, partly reflecting a weak harvest due to El Niño, it said.

Financial conditions in India have remained accommodative. Domestic credit issuance to the commercial sector (including public and private borrowers) grew by 14 per cent (year-on-year) in December 2023, the fastest pace since 2013. Financial soundness indicators continued to improve. The nonperforming-loan ratio fell to 3.2 per cent last year, well below its recent peak, in March 2018, of about 11 per cent.

Regulatory capital totalled 17 per cent of bank assets in the second quarter of 2023, surpassing both regulatory requirements and peer averages. FDI as a share of GDP fell in 2023, but a rebound in foreign portfolio investment inflows in FY2023/24 contributed to foreign reserves rising 8 per cent in the year to January 2024, reaching a level sufficient to cover about 11 months of imports, the World Bank report said.

“In India, output growth is projected to reach 7.5 per cent in FY2023/24 on the back of robust growth in Q3 of FY2023/24. Growth is expected to moderate to 6.6 per cent in FY2024/25 before picking up in subsequent years as a decade of robust public investment yields growth dividends,” the bank said.

The expected slowdown in growth between FY2023/24 and FY2024/25 mainly reflects a deceleration in investment from its elevated pace in the previous year, it said. “Growth in services and industry is expected to remain robust, the latter aided by strong construction and real estate activity. Inflationary pressures are expected to subside, creating more policy space for easing financial conditions,” it said.

“Over the medium term, the fiscal deficit and government debt are projected to decline, supported by robust output growth and consolidation efforts by the Central government,” the report said.

Source: thehindubusinessline.com– Apr 03, 2024

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India, EEU bloc officials hold talks to formally start negotiation for FTA

Senior officials of India and the five-nation Eurasian Economic Union (EEU) bloc held detailed discussions last month to formally start negotiations for a free trade agreement to boost economic ties, an official said.

The five members of the EEU are Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

The official said two feasibility studies have already been conducted on the proposed agreement.

In such agreements, two or more trading partners either eliminate or significantly reduce customs duties on the maximum number of goods traded between them. These agreements provide greater market access to Indian goods and services.

"Senior officers of both sides have met on March 28 here and have discussed formally starting talks for the FTA," the official said.

An industry expert said domestic exporters from sectors like engineering goods, electronics and agriculture can get an edge from the agreement.

Russia is the top trading partner of India in the bloc, with bilateral trade worth $49.4 billion in FY23. India's exports to Russia stood at $1.14 billion in 2022-23, while imports were $46.2 billion due to an increase in crude oil imports.

The bilateral trade with Armenia, Belarus, Kazakhstan, and Kyrgyzstan was $134.26 million, $111.81 million, $641.62 million, and $56.56 million, respectively, in 2022-23.

A similar agreement was signed by India and the European Free Trade Association (EFTA). The members of this bloc are Iceland, Liechtenstein, Norway, and Switzerland.

Source: business-standard.com– Apr 02, 2024

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Do India's Free Trade Agreements with European nations benefit the country? | In Focus podcast

On March 10th, India signed a free trade agreement with a group of four European nations, committing to reduce tariffs. In return, India would receive $100 billion in investments over the next 15 years. The non-EU bloc, known as the European Free Trade Association, consists of Switzerland, Norway, Iceland, and Liechtenstein.

This agreement has come on the back of protracted negotiations of 21 rounds spread over 16 years. The balance of trade heavily favours the EFTA, with India importing about $22 billion in 2023 from the bloc, while India exported only about $3 billion to the bloc. While India hopes to attract investments in railways, the financial sector, and automobiles, it is expecting a growth in exports of pharma products, garments, chemicals, and machinery to the EFTA.

This pact comes just two years after India signed similar agreements with the United Arab Emirates and Australia. But such free trade deals have not largely helped India's export growth. In fact, it has generally been more beneficial to the other nations or blocks that have signed such deals with India.

For instance, India's 2011 Comprehensive Economic Partnership Agreement with Japan enabled Japan to double its exports to more than $16 billion in 2023 from $8 billion in 2011. On the other hand, India's exports to Japan remained static at $5.46 billion in 2023, a tad up from $5.09 billion in 2011. This mirrors other trade pacts like the one signed with the 10-member Southeast Asian block, ASEAN, in 2010. In 2022–23, India exported goods worth about $44 billion to the region, while its imports were valued at $87 billion. The trade deficit in 2022–23 was $43 billion, compared with $7.5 billion in 2010.

Why is India then entering into more such agreements? How different is the EFTA from those signed with other nations and blocs? And are such deals a substitute for larger WTO-led trade frameworks, where India tends to have a larger say because of the backing of other developing nations?

Source: thehindu.com– Apr 02, 2024

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Centre to set up labs for testing marquee textiles meant for exports

New Delhi: With sub-standard pashmina shawls and silk exports hurting India's image, the Union textiles ministry is planning to set up new laboratories and upgrade existing ones to test and validate pure textiles, including pashmina, silk, cotton and coarse-wool products before they are shipped, two persons aware of the matter said.

This initiative aims to curb exports of poor-quality products to the global market, helping improve India's standing in the international textile industry, they said.

The upgraded labs are expected to help enhance the quality of textile products and boost exports by instilling greater confidence among buyers. "The plan is to establish new testing facilities in almost every textile cluster so that certification of fabrics and finished products gets validated by the government-run testing centres," the first person said.

The new testing facilities are proposed to be established in almost every textile cluster such as Gujarat, Punjab, Jammu & Kashmir, Tamil Nadu, Uttar Pradesh, Maharashtra, and Karnataka. Besides, upgrade of existing laboratories is also on anvil.
Testing fabric is crucial to ensuring that our products maintain their intended physical and chemical properties over time, safeguarding against potential harm, the person cited above said.

Textile testing refers to different quality tests performed on a textile product before it is released to the market.

"The labs will play an important role in validating the authenticity of technical textile products. For textiles like flame-resistant protective gear or industrial-use fabrics, it's essential to ensure that the product will perform as intended, serving its functional purpose effectively," the second person said.

Queries sent to the textiles ministry's secretary and spokesperson remained unanswered till press time.

According to latest government data, textile exports totaled $30.96 billion during April 2023-February 2024, down from $32.33 billion a year ago.

India is the world's third-largest exporter of textiles and apparel with a 4.6% share of global trade, and ranks among the top five exporters in several textile categories. Exports are projected to reach $65 billion by FY26.

Setting up of new labs and augmenting the existing ones are done by textile committees, which report to the textiles ministry. These committees act as a facilitator to the textile trade, industry and other stakeholders, including state governments.

Raja M Shanmugam, former president of the Tirupur Exporters' Association, hailed the government's plan. “The plan would not be entirely new for the cluster. It builds on existing strengths or initiatives," Shanmugam said.

However, the textile committee-run testing facilities would benefit traders by ensuring competitive pricing, he added.

Among other initiatives, the ministry has proposed the development of a showroom at the pashmina dehairing plant premises in Leh to provide marketing support for finished products made from pashmina wool. Additionally, they government plans to allocate land for fodder to increase the availability of green fodder for pashmina goats.

The government has identified five key focus areas to strengthen India's textiles ecosystem. These include addressing skill gaps and infrastructure through initiatives such as PM Mega Integrated Textile Regions and Apparel (PM-MITRA) parks, the production-linked incentive scheme, Technical Textiles Mission, Samarth and the National Handloom Development Programme.

The textiles ministry is also hoping to attract ₹95,000 crore in investments that will create about 2.25 million new jobs in the next 4-6 years. The ministry is eyeing ₹25,000 crore in investments through the production-linked incentive scheme (PLI) and another ₹70,000 crore through the PM-MITRA parks scheme.

Source: livemint.com– Apr 02, 2024

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Ecommerce sales growth in slow lane as mass market crowd thins

Ecommerce sales grew at a modest 12-15% in the first three months of this year, declining from the 20% growth in value achieved during the same period last year, according to market research data. Softening demand is reflected in shrinking volumes, even as higher-cost items drive overall value generation, a wide swathe of industry executives and analysts told ET.

However, the trajectory of sales on a month-on-month basis during the same period is improving, a senior ecommerce executive said. Those tracking the uptick are hopeful of better outcomes in the new financial year, “with the arrival of summer leading to more demand in certain categories.”

No Smartphone Launches Yet in 2024

“This period (January-March) is usually a slow month for ecommerce firms, and though this January was bad, we have seen growth return over the last three weeks, and we will likely see about 20% growth rate return by April,” said Satish Meena, advisor at Datum Intelligence.

The start of the calendar year is also when fashion and peripheral segments clear their older inventory.

Notably, no major smartphone devices — the mainstay of online retail — have been launched this year, so far.

“Growth (this year) has been muted, but things should pick up April onwards. The pace of growth will depend on the volume of shipments,” a senior executive at one of the top three ecommerce logistics firms said.
The tail end of the previous year was weak for online retailers, after bumper growth during the festive season sales stretching from September-end until Diwali.

Phones & FOMO

Datum’s Meena pointed to flat growth in smartphone sales across both online and offline channels, with shipments falling slightly but average selling prices (ASP) staying high.

"For smartphone sales, there is a lesser 'fear of missing out' that online exclusives used to bring earlier. Offline stores are also now able to match online players in financing, and discounts are not that sharp anymore, leading to offline becoming the larger sale channel with 52% share in calendar year 2023," Meena said.

According to data from market research firm Counterpoint Research, overall smartphone sales flattened in India in 2023, remaining at 152 million units.

Meanwhile, in apparel sales, end-of-season clearance sales brought signs of improvement.

ET has reported earlier that brands across segments are seeing increased traction in premium products but mass-market products are not showing similar growth despite lower prices.

The spike in inflation has also played a key role in dipping the curve for online retail, according to people with knowledge of sales data. A similar pattern has been witnessed across fast moving goods on quick commerce platforms.

Flipkart, Amazon India, Meesho, Tata Neu and Reliance's JioMart are among the leading ecommerce platforms, with the first two cornering the majority of market share.

Bucking the Trend

Interestingly, online-first beauty brands are posting strong growth in an otherwise sluggish ecommerce market. They have expanded by over 25%, largely aided by winter sales and events.

According to Kaushik Mukherjee, cofounder and chief operating officer at Sugar Cosmetics, the segment saw strong sales during January and February, helped in part by gifting around Valentine's Day. "There is a little bit of softening in sales post Valentine's Day, and we also see a shift from products like moisturisers, with the cold weather waning, and sunscreen and facewash coming back strong (sic)," he said.

Nykaa had said in January that its beauty and personal care business grew faster than the industry growth rate.

Brands and sellers in categories such as wearables and hearables, beauty, fitness and home and furnishing said there was a mixed pattern in their online sales during the first quarter, depending on price points and sub-categories.

They estimate sales growth of about 15-18% year-on-year in home furnishing, and 10-15% for audio wearables. The health and fitness category, which includes supplements and gym equipment, will likely close the quarter with 15- 20% expansion.

Audio product makers such as Noise and Boult said they have seen growth over 15%, compared to pre-festive season business-as-usual days. "Our sales have gone up by over 15% but below 20%, depending on pricing and type of product, compared to the period before festive sales began," Tarun Gupta, cofounder of Boult, told ET.

Gaurav Khatri, cofounder and chief executive of Noise, spoke of a sales slump after the festive period, during which time the firm leveraged other sale channels — offline stores and quick commerce — to sustain growth. "We are also trying to shift from just focusing on unit sales to things like driving premiumisation and loyalty among customers in this period," he said.

Pallav Bihani, founder of supplements and equipment maker Boldfit, said the segment has seen an increase in sales pushed by a post-festive drive towards health-focused activity. "We usually don't benefit massively from festive sales as that isn't when the customer is thinking about fitness. We see another spike in April to June, as a younger, health-conscious base gets their summer breaks," he said.

Source: economictimes.com– Apr 01, 2024

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Has the luxury e-commerce bubble burst?

LONDON: Rosh Mahtani, the founder of the jewelry brand Alighieri, is celebrating the 10th anniversary of her company this year. Her handmade gold-plated pieces, inspired by Dante's "Divine Comedy," made her a winner of the Queen Elizabeth II Award for British Design and a mainstay of luxury e-commerce vendors.

During Paris Fashion Week last month, buyers came to her showroom to select stock for the upcoming season, including MatchesFashion, a leading multibrand fashion retailer that is responsible for about half a million pounds, or $630,000, of Alighieri's projected revenues. But there was a problem.

"They had owed me 70,000 pounds [about $88,000] in unpaid invoices since October and had been asking for discounts on those bills," Mahtani said last week. It made her uneasy, even if such bargaining was increasingly commonplace for independent brands like hers. Still, she said, she wasn't quaking in her boots.

"The team made a selection, and we talked about a capsule collection for the summer," she said. "I don't think any of us had a sense of what would come next."

Days later, MatchesFashion was put into administration (the British term for bankruptcy). Its owner, Frasers Group, which bought the company in December for about 52 million pounds ($66 million), now said the operation was not commercially viable. Overnight, almost half of the staff was fired from a company that had been valued at $1 billion when it was sold to Apax Partners in 2017. Today, 200 brands are owed money and cannot access unsold inventory, and a furious customer base rages online about accessing orders or making returns.

The implosion of MatchesFashion was the latest messy reckoning for companies that sell luxury goods online. Once the darlings of investors, many are in financial freefall. In December, Farfetch, a onetime e-commerce powerhouse for independent boutiques and beloved by the luxury heavyweights whose websites it powered, staved off bankruptcy thanks to an eleventh hour acquisition by South Korean e-commerce group Coupang and a $500 million bridge loan. (In 2021, Farfetch had a valuation of $40 billion.)

José Neves, the Farfetch founder, stepped down as chief executive in February amid a slew of lawsuits brought by shareholders. The future of Yoox Net-a-Porter also hangs in the balance after a failed deal between Richemont, its parent group, and Farfetch last year. Richemont, which listed Net-a-Porter under "discontinued operations" in its most recent earnings report and has taken billions of euros in write-downs on the company, has said it is looking for a buyer and will not invest further cash. Richemont, Farfetch and MatchesFashion all declined to comment for this article.

For much of the last decade, luxury e-commerce was heralded as the smart way to shop, offering hyped brands, exclusive products, free returns and 90-minute delivery services at the swipe of a button. Brick-and-mortar stores would surely crumble. The future lay in clicking Add to Basket, be it for fashion with a price tag of $50 or $50,000.

During the first years of the pandemic, consumers splurged through such websites. More recently, questionable management choices, a volatile global economy and soaring luxury prices -- and with big brands heavily investing in their own digital operations -- constricted retailers' ability to stand out in a competitive market, let alone make a profit.

"In the end, what cannot stand will fall, and online players need to have lower and more practical ambitions," said Luca Solca, a luxury analyst at Bernstein. "Matches is bankrupt, Farfetch spent money like there was no tomorrow on debatable acquisitions, and Net-a-Porter is obsolete. Any dreams of becoming an Uber for luxury distribution has turned into a nightmare and has proved impossible to realize."

A Fashion Doom Scroll

Multibrand e-commerce emerged at a time when the global luxury market was being upended by a move away from exclusivity toward ubiquity. The novelty and excitement of being able to browse and buy beautiful things that will soon arrive at your door held allure for a consumer accustomed to the immediate gratification of the internet age.

But a curious thing about online luxury e-commerce was how many players adopted a model that was broken, something reflected in the much publicized woes of department stores in the United States. After the pandemic boom, many overstocked and were left with mountains of unsold inventory. They subsequently resorted to aggressive promotions and discounting. This pushed heavyweight brands to seek more control over their e-commerce and distribution. As competition grew fiercer, the multibrand vendors sought to find a point of difference by spending more on ... well, more.

More brands and more products in more geographical regions. More sales. Beyond the eye-watering spending required to build the infrastructure to ship all those orders -- and process all those free returns -- it was a model that undercut much of what had appealed to consumers in the first place.

"Lots of consumers came to these sites because they wanted a quick and clever edit of pieces and instant access," said Fiona Harkin, the director of foresight at the Future Laboratory consultancy. "In the end, and especially with the advent of mobile commerce, dozens upon dozens of pages of product that could probably be found elsewhere would turn into an unfulfilling fashion doom scroll."

These challenges coincided with a general softening of the luxury market and dovetailed with many e-tailers' exposure to aspirational middle-class consumers who had seen their discretionary spending curtailed by inflation and the skyward trajectory of luxury pricing. Solca estimated in 2023 that the top 5% of luxury clients accounted for more than 40% of sales, including at luxury e-tailers. In other words, an even more fickle and demanding customer to court.

Some players tried to broaden their business strategies with pricey acquisitions. Farfetch owns the British luxury store Browns; the Italian incubator New Guards Group, which licenses Off-White and the beauty retailer Violet Grey, is currently in talks to sell those assets. The emergence of resale led customers to buy products secondhand not long after they had been available for full price.

"The cost of successful digital marketing and customer acquisition spiraled higher and higher, and investors were less and less willing to front the costs," said luxury consultant Robert Burke. He noted that some companies, like MyTheresa, had fared better than others. He cautioned, however, that the last three months had brought a painful reset that had been a long time coming.

"We are about to see a major evolution in luxury e-commerce -- or perhaps a better word would be correction," Burke said. "Overall, online sales for luxury fashion went up last year. This isn't a shrinking market. What is changing is who is getting slices of the pie."

The Brink of Going Bust

For J.J. Martin, the founder of lifestyle label La Double J, the reason she had a ready-to-wear business at all was because of the MatchesFashion founder, Ruth Chapman, who started stocking La Double J in 2016.

"At the time, everyone looked at Matches to figure out what to buy because Ruth had the best eye, nose and ear on the ground," Martin said last week. "When she picked me up, that was my big break. They didn't have every brand, only the coolest brands. That was these sites' biggest asset before they started stocking seven variations of the same thing."

Martin is owed money for a resort collection she shipped last fall, though she declined to disclose how much. Dozens of brands contacted by The New York Times for this article, many of whom had already shipped spring collections for 2024, were similarly mum. Anissa Kermiche, beloved by fashion savants for her ceramic Love Handles vases shaped like a female hips and bottom, as well as her jewelry and home wares, was more upfront. She was out by 50,000 pounds ($63,000) for stock delivered after Christmas.

"I don't have any hope that I'll get this money back," Kermiche said. "It's a lot, but others are owed so much more and are on the brink of going bust themselves."

Poppy Sexton-Wainwright of the beach and loungewear line Asceno, stressed that she was less concerned about the "not insignificant" funds she was owed than the loss of earnings she had expected to make this year with MatchesFashion.

Several brands said that they had shifted as much money as possible to their own direct-to-consumer websites. Which is fortunate, given reports that buyers from some online stores, including Ssense, a Canadian player still known for its focus on emerging and independent brands, has cut the number of brands it was buying from.

Others, including Net-a-Porter, have been asking some brands to change their payment terms to 90 days from 60, sending further jitters through an already jumpy industry. As Farfetch seeks a buyer for Browns, Richemont looks for one for Net-a-Porter, and administrators seek a white knight for MatchesFashion, the future of once starry names is uncertain. (It has been noted that Frasers Group structured its takeover of Matches in such a way that it may still buy it out of bankruptcy without its debts.)

"Designers once wanted to be stocked by a multibrand because the prestige factor meant something," Mahtani said. Now they are a less important piece of the puzzle.

Mahtani stopped working with Farfetch 18 months ago, but Matches had been a cornerstone of her market. This week, she made her way to its warehouse in greater London in a bid to reclaim some of her stock. (The Sunday Times of London estimates that the company, which is still trading under the guidance of administrators, is sitting on about 100 million pounds in unsold wares.) Mahtani wasn't successful, though she did get direct contact details for the administrators, which felt like a step in the right direction.

"I had to do something," she said, "It was beyond outrageous to see stock that I know they haven't paid me for still being sold on their website. I am going to be OK, but no company loses money like I have without feeling it."

Source: economictimes.com– Apr 01, 2024

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