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USD	EUR	GBP	JPY
83.37	88.90	103.22	0.54

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INTERNATIONAL NEWS

China's apparel and textile industry defies expectations with Q1 growth boom

China's economic performance in the first quarter of 2024 surprised many exceeding expectations with a 5.3 per cent GDP growth. This increase was driven in large part by the robust performance of apparel and textile industry, a sector experiencing unexpected strength in both exports and domestic markets.

Textile and apparel lead the charge

Data is not yet available for the entire textile and apparel sector, but a bright light comes from combined textile and apparel exports reaching a robust $45.09 billion in the first two months of 2024, a significant 14.26 per cent increase compared to the same period in 2023. Both apparel and textiles saw impressive growth. Apparel exports reached $23.38 billion, a 13.1 per cent increase year-over-year, while textile exports hit $21.71 billion, reflecting a 15.5 per cent jump.

Domestic market remains subdued

While the export sector thrives, China's domestic market for apparel and textiles continues to face challenges. Overall retail sales growth fell short of expectations, climbing only 3.1 per cent in the first quarter as per National Bureau of Statistics. This sluggish domestic demand creates a situation where manufacturers are heavily reliant on exports for growth.

Growth triggers

Statistic	Growth rate	Time period	source
Textile & Apparel Exports	14.26%	Jan-Feb 2024 vs. Jan-Feb 2023	textilesinsights.in
Apparel Exports	13.10%	Jan-Feb 2024 vs. Jan-Feb 2023	textilesinsights.in
Textile Exports	15.50%	Jan-Feb 2024 vs. Jan-Feb 2023	textilesinsights.in
Apparel Retail Sales (Nov-Dec)	Over 25%	2023	National Bureau of Statistics (China)

Analysts attribute this unexpected export growth to several factors.

Resilient global demand: Despite global economic uncertainties, demand for Chinese apparel and textiles remains strong in international markets.

Shifting consumer preferences: A growing focus on value and affordability might be driving consumers towards Chinese-made garments.

Government support: The Chinese government's efforts to stimulate domestic consumption through initiatives like tax breaks and infrastructure spending could be contributing to the positive trend within the domestic market.

However, the positive performance in the apparel and textile sector stands in contrast to the broader Chinese economy, which is grappling with a sluggish consumer market and a slumping real estate sector. Analysts believe the government will need to implement additional measures to stimulate domestic spending and stabilize the property market to achieve its ambitious annual growth target of around 5 per cent.

The future path of China's apparel and textile industry hinges on several factors, including global trade dynamics, geopolitical tensions, and the effectiveness of government stimulus policies. Continued strong export performance can fuel further growth, but external factors like trade barriers pose potential risks. The industry's ability to navigate these challenges will be crucial in determining its long-term success.

Source: fashionatingworld.com– Apr 19, 2024

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Big plans by large European, US organisations for reindustrialisation

Forty-seven per cent of large European and US organisations have already invested in reshoring their manufacturing production and 72 per cent are currently developing a strategy for reindustrialisation or already have one in place, according to a new report by Paris-based Capgemini Research Institute.

Most of these organisations have initiated these strategies within the past two years.

A majority of business leaders believe reindustrialisation will help their organisations meet climate goals with an expected carbon reduction of 13.6 per cent on an average in the next three years, the report says.

Capgemini is a global business and technology transformation partner and the research institute is its in-house think tank on all things digital.

Investments in 'reshoring', 'nearshoring' and domestic manufacturing, as well as the construction or upgrade of manufacturing facilities, are on the rise in Europe and the United States to enhance resilience against disruptions, the report says.

The majority of this funding is directed towards domestic market initiatives, comprising 54 per cent of cumulative investment in the last three years.

But hurdles such as skill shortages, scarcity of raw materials and lack of incentives will likely lead to an increase in short-term investments outside the domestic market, mainly through nearshoring and 'friendshoring', it observes.

The key factors driving reindustrialisation are supply chain resilience, sustainability, geopolitical tensions and legislation and incentives.

The imperative to promote supply chain resilience and the ability to adapt and respond quickly to operational disruptions is a leading driver of reindustrialisation for nearly 70 per cent of organisations surveyed.

Fifty-five per cent of organisations are optimistic that reindustrialisation will help their organisations meet climate goals, especially in reducing their Scope 3 greenhouse gas (GHG) emissions.

Sixty-three per cent of organisations recognise domestic manufacturing as strategically significant for ensuring national security.

While organisations acknowledge that incentives accelerate investment for domestic production, particularly in areas of national strategic importance, such as semiconductors, batteries and renewable energy, 49 per cent declare that government policies and regulations are supportive to their reindustrialisation efforts.

Sixty-two per cent are investing in technologies to enhance sustainability within their reindustrialisation initiatives. Giga factories are seen as a key element in the journey towards a sustainable reindustrialization.

Sixty-eight per cent expressed confidence in the potential of reindustrialisation to drive innovation and technological advancement, in particular through 5G/edge, generative artificial intelligence and digital twins in the next three years.

Half of the survey participants anticipate that reindustrialisation will drive job growth domestically across various sectors. However, meeting this demand will require a skilled manufacturing workforce, as acknowledged by 72 per cent of organisations.

The share of the manufacturing workforce with advanced digital skills, including proficiency in areas like supply chain management, data analytics and artificial intelligence/machine learning, is projected to rise from 31 per cent today to 53 per cent in the next three years.

Source: fibre2fashion.com– Apr 21, 2024

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Further worldwide inflation drop likely in short term: German survey

Although inflation expectations worldwide remain well above central banks' inflation target, there is a further decline in the expected inflation rate for 2024 compared to previous quarters, according to Leibniz Institute for Economic Research at the University of Munich (ifo Institute).

However, long-term inflation expectations show a stagnating or rising trend.

The expected global average inflation rate is 4.6 per cent for this year, the institute said in a release citing the Economic Expert Survey (EES), a quarterly survey conducted by itself and the Swiss Economic Policy Institute. This is the median of average expected inflation rates at the country level.
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The average rate of 4.6 per cent expected in this quarter is significantly lower than the expected rate of 6 per cent in the second quarter last year. This means short-term inflation expectations are still falling, but remain at a high level worldwide.

Experts also expect high inflation rates worldwide in the years ahead. With an average expected inflation rate of 4.4 per cent for 2025, a slight decline is also expected on average compared with 2024.

In the long term up to 2027, inflation expectations continue to be high at 4 per cent. Long-term inflation expectations have even risen again compared to the results of the previous quarter (3.6 per cent).

Inflation expectations vary widely among the world's regions. For 2024, experts expect the lowest inflation rates in Western Europe (2.8 per cent). Expectations in North America and Northern Europe are comparable (3.1-3.7 per cent).

In contrast, experts in regions such as East Africa (35 per cent) and South America (26 per cent) expect inflation rates to be well above average in the short term.

While short-term expectations have remained stable over several quarters, the expected inflation rates in this quarter represent a decline in expectations for most regions compared to the previous quarter.

For 2027, experts expect inflation rates in Western Europe (2 per cent) and North America (2.3 per cent) as well as in Northern Europe (2.8 per cent) and Southern Europe (2.6 per cent) to almost return to the 2 per cent inflation rate targeted by central banks.

The experts expect higher long-term inflation rates in Eastern Europe (5.1 per cent) and in parts of Asia (up to 11 per cent).

The highest long-term inflation rates are expected in East Africa (41 per cent) and North Africa (18 per cent).

Source: fibre2fashion.com– Apr 21, 2024

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Sales of Korea's luxury fashion houses decline in 2023

Following a period of robust growth during the height of the COVID-19 pandemic, sales of luxury fashion houses in Korea declined notably in 2023.

Sales of renowned French label, Chanel declined last year after over 30 per cent growth in 2021 and 2022. The brand's operating profits decreased by 34 per cent Y-o-Y to 272 billion won, a stark contrast to the robust profit surges of 2021 and 2022.

Similarly, Louis Vuitton witnessed negative growth in both sales and operating profits last year. Sales dipped by 2.4 per cent to 1.65 trillion won following impressive growth rates of 40 per cent and 15 per cent in 2021 and 2022, respectively. Operating profits plummeted by 31.4 per cent to 286.7 billion won in 2023, after surges of 98 per cent and 38 per cent in the previous two years.

Christian Dior, another esteemed French luxury brand, saw a 12 per cent increase in sales last year, surpassing the 1-trillion-won mark for the first time. However, the growth rate slowed compared to the 51 per cent surge in 2022.

Among the top five luxury brands in Korea, Hermes was the only company to register growth in both sales and operating profits last year. Sales reached 797.2 billion won, up by 22.7 per cent, with operating profits climbing by 12 percent to 235.7 billion won.

Celine and Rimowa also stood out with rapid growth last year. Celine Korea's annual sales skyrocketed by 513 per cent to reach 307.2 billion won, while Rimowa Korea saw a 77 per cent increase in sales to 63.5 billion won. Operating profits for both brands also experienced substantial growth.

Additionally, the source noted a significant decline in sales and profits for luxury accessories brands such as Rolex, Omega, and Bulgari last year.

Source: fashionatingworld.com– Apr 20, 2024

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H&M halts sourcing from Myanmar over labor abuse allegations in garment factories

World's second-largest fashion retailer, H&M has announced its decision to gradually halt its sourcing from Myanmar, citing increasing reports of labor abuses in the country's garment factories. This move follows similar actions by other major brands such as Zara owner Inditex, Primark, and Marks & Spencer.

The decision comes amid a backdrop of political turmoil and humanitarian crisis in Myanmar, exacerbated by a military coup in February 2021. The resulting violence and disruptions to the economy have raised significant challenges for companies operating in the country.

H&M disclosed that it is investigating 20 alleged instances of labor abuse at Myanmar garment factories supplying them. A report by the Business and Human Rights Resource Centre revealed a substantial increase in reported cases of worker abuse, including wage theft and forced overtime, since the coup.

Despite the challenges, H&M emphasised that its decision to withdraw from Myanmar was not solely based on the report but rather stemmed from its own evaluation of the situation. The company stated its commitment to a responsible exit strategy, developed in collaboration with IndustriALL, a global union advocating for brands to cease operations in Myanmar.

Vicky Bowman, Director, Myanmar Centre for Responsible Business, expressed highlighted the potential negative impact of the brand’s decision on thousands of women workers in Myanmar.

However, she acknowledged the challenging environment for labor rights organisations and trade union organisers under the military junta.

Other brands like Primark have also announced their exit from Myanmar, with shipments expected to cease by the end of the year. However, concerns remain about the potential repercussions on local communities and workers, as withdrawing could deprive them of vital investment and wages.

This move by H&M and other corporations reflects the complex ethical dilemmas faced by multinational companies operating in regions with poor human rights records.

Despite the desire to distance themselves from labor abuses, their exit could have unintended consequences for vulnerable workers and communities.

Source: fashionatingworld.com– Apr 20, 2024

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Focus Shifts to Production as Cotton Prices Falter

The cotton market suffered through another week of mad cow disease as the new crop December contract fell to a low of 77.26 cents before recovering, settling the week at 77.55. The old crop May contract settled the week at 78.69 cents, but that contract delivery period begins next week.

The upcoming spot month, July, did settle above 80 cents, at 81.02, but was one of only three contracts on the Board that closed above 80 cents. The other two were the May 2025 contract and the July 2025 contract. The final month on the Board is the May 2026 contract and its settlement was 78.46 cents.

The October 2024 contract settled at 78.57. July should be expected to trade at least that low. Price support for the December contract is all the way down to the 74-75 cent area, but the near-term price will trade in sympathy with the July contract for at least another month.

The old crop July contract, as it has, will continue to strictly follow demand news, none of which has been good for the past few months. Economic news including inflation, real wage declines, home prices, and home sales – all of which are highly correlated with apparel purchases – shows little if any positive improvement over the past few months. In fact, there has been deterioration.

World trade in cotton has slightly improved as prices moved into and through the mid-80s and fell into the 70s. However, the improved demand is very slight and does not predict an increase in demand. While improvement in trade was to be expected given the significant drop in prices, most of the improved demand is being absorbed by foreign growths.

The cotton on-call statistics fail to support any bullish attitude for the market. In fact, the numbers suggest the bearishness the market is experiencing, and that it should be expected to continue. The ratio of on-call sales for old crop is only slightly bearish, about 5 to 1. However, the ratio for new crop is overwhelmingly bearish at just over 1 to 2.

China will continue to buy U.S. cotton as current prices are well below the cost of production in China. Thus, they will build their state reserve program, and this will be mildly supportive of the July contract.

As the market transfers its attention to the new crop, Mother Nature's gift of adequate moisture becomes critical. The South Texas crop currently looks as if it will see record yields, just as it did at this time last year. However, last year at this time what looked like a 3-bale per acre crop, or better, turned out to be a 2-bale per acre crop and less. Thus, almost the entire growing season is still in front of the crop.

Nevertheless, the market sees that South Texas will only need one or two adequate rains to harvest a 3-bale per acre crop. Subsoil moisture is adequate, but the crop will still need at least three inches of rain in total.

Other regions of the Southwest have the planting moisture they need but more will be needed for good crop development. However, the rainy season stretches until June, so the region has time to receive timely rains…and the Memorial Day rains always come (if not, the phrase "crop disaster" surfaces). While the region has better subsoil conditions than it had last year at this time, tomorrow is the most important day for crop progress.

The market sees South Texas as it is now and presumes that the entire Southwest will have an excellent crop – thus, the selloff in December futures down near the 77-cent area and the potential to see 74 cents by June.

Too, do not underestimate the effect on demand of the bearishness associated with the general economic conditions across not only the U.S. but the world. The International Monetary Fund warned this week that U.S. debt was getting dangerously close to damaging the entire world economy. Organizations are well known policy wonks, but their dependence on the U.S. Treasury for funds to lend countries in distress has caused the world's central bankers to take notice.

The poor economic health of the U.S. consumer will continue to haunt the demand for cotton. Nevertheless, the single most important measure by which to judge market prices will be the growing conditions across the northern hemisphere, and especially in the American Southwest in the coming 45-60 days. World carryover is barely adequate. Thus, world production prospects will dictate market activity in the coming weeks.

It was thought the July contract could challenge the 86-87 cent level again. The 84-cent level will likely hold any price advance. The mid-to-high 70s appears to be the expected trading range.

Source: cottongrower.com– Apr 19, 2024

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Source: fibre2fashion.com– Apr 21, 2024

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Japan's inflation rate drops MoM in Mar; headline CPI up 2.7% YoY

Inflation rate in Japan dropped in March this year from the February figure, according to latest data released by the ministry of internal affairs and communications.

The headline consumer price index (CPI) for the month rose by 2.7 per cent year on year (YoY), while the core CPI (excluding fresh food) rose by 2.6 per cent YoY, down from a 2.8-per cent February rise.

The core-core index, which excludes fresh food and energy, rose by 2.9 per cent YoY. The core-core inflation rate declined for the seventh straight month in March.

High commodity costs are majorly contributing to rising prices.

It has been two years since the core inflation rate first rose above the Bank of Japan target of 2 per cent, domestic media outlets reported.

Bank of Japan governor Kazuo Ueda recently said that the central bank may raise interest rates to contain inflation caused by a weaker yen as domestic concerns grow about a fall in the currency.

"The Bank of Japan could take monetary policy action if the weaker yen increases the rate of inflation and starts impacting the economy to a significant extent," Ueda told a news conference following the meeting of G20 finance chiefs.

The yen fell to near 155 versus the US dollar from around 147 about a month ago.

Source: fibre2fashion.com– Apr 21, 2024

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Vietnam: FDI flow into garment and textile sector bounces back

The flow of foreign direct investment (FDI) into the Vietnamese garment and textile sector has rebounded thanks to the country's sound investment climate and abundant workforce as well as its open economy, according to insiders.

Chairman of the Vietnam Textile & Apparel Association (VITAS) Vu Duc Giang said foreign garment and textile producers are expanding their operations in Vietnam to take advantages in the Vietnamese market.

He held that various free trade agreements (FTA), particularly new-generation deals such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), EU-Vietnam FTA (EVFTA) and Regional Comprehensive Economic Partnership (RCEP) to which Vietnam is a signatory is a locomotive for the sector to lure both domestic and foreign investors.

The management board of industrial parks of the northern province of Nam Dinh has granted an investment certificate to Hong Kong-based Crystal International Group to carry out its 60-million-USD Yi Da Denim Mill project.

The group has run various plants in the northern localities of Hai Duong, Hai Phong, Bac Giang and Phu Tho and the southern province of Binh Duong, with a combined export revenue of some 1 billion USD and generating jobs for 40,000 local workers.

Meanwhile, the world's leading zipper producer YKK Corp. from Japan invested in its second plant at Dong Van industrial zone in the northern province of Ha Nam. According to YKK Vietnam General Director Yuji Furukawa, after 25 years of operation in Vietnam, YKK has increased its zipper productivity by 100 folds, and the number of workers seven folds to 2,800 labourers.

Earlier, YKK had to import several materials to provide its local customers. However, its Vietnamese plant is now able to manufacture all of YKK products and even ship them to foreign countries like Cambodia and Myanmar, he said.

Most recently, SAB Industrial Vietnam Company Limited under China's Weixing group put into operation its 62-million-USD factory in the north-central province of Thanh Hoa. Covering 66.44 hectares, the factory produces various items, including metal, plastic and nylon zippers, and plastic and metal buttons.

Besides helping the sector reduce its dependence on imported raw materials, FDI capital has played an important role in reducing manufacturing time and transport costs, making products become more competitive.

In Quarter 1 of 2024, Vietnam gained nearly 8 billion USD from garment and textile export revenue, with FDI firms contributing over 60% of the total.

Source: en.vietnamplus.vn– Apr 22, 2024

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Poland's exports in Jan-Feb 2024 falls 10% YoY, imports by 11.1%

Poland's exports in January-February this year decreased by 10 per cent year on year (YoY) and imports fell by 11.1 per cent YoY.

The country's export turnover at current prices in the first two months was PLN 247.8 billion (~$60.95 billion), while its import turnover during the period was PLN 237.6 billion (~$58.44 billion), according to Statistics Poland.

The positive balance reached the level of PLN 10.2 billion (~$2.5 billion), while in the same period last year, it amounted to PLN 8.2 billion (~$2 billion).

Source: fibre2fashion.com– Apr 20, 2024

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Bangladesh: Apparel exports to EU jump 8.5% in Feb

Bangladesh's apparel exports to the European Union market surged by 8.5% month-on-month to around €1.3 billion in February this year – the highest in the last four months.

However, shipments to the 27-nation economic bloc remained 18.6% lower compared to the corresponding month a year ago, according to Eurostat.

Bangladesh has witnessed the most significant decline in apparel exports among its competitors in the EU countries during the first two months of 2024. This trend mirrors a similar decline observed in the United States market during the same period.

SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said apparel exports are facing a challenging time as most buyers are not paying proper prices.

He explained that exporters are losing competitiveness despite increased production costs caused by utility price and wage hikes.

He also expressed concern that the escalation between Iran and Israel may significantly affect exporters in the coming months.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, echoed the sentiments of the BGMEA president.

He mentioned that inquiries from western buyers had increased in recent months, but many manufacturers have been unable to entertain their orders as buyers are offering low prices.

Hatem also noted that buyers are now looking for shorter lead times, but Bangladesh's shipment time has increased to 89-90 days from 50-60 days due to the gas crisis. Consequently, many western buyers are placing their orders in Vietnam and China instead, he said.

In January-February 2024, the South Asian nation experienced a significant decline in its apparel exports to the EU market, amounting to a decrease of 26.74%.

According to Eurostat, the statistical office of the European Union, Bangladesh's exports totalled €2.48 billion during this period, down from €3.39 billion in the corresponding period of 2023.

Exporters highlighted that despite a surge in global demand for apparel, Bangladesh's benefits were minimal due to prolonged lead times and escalating production costs.

Specifically, the country saw a decline in its knitwear exports to the EU in January-February 2024, amounting to €1.42 billion compared to €2 billion in the same period a year ago.

Similarly, the country's woven garment exports to the 27-nation economic bloc during the first two months of 2024 decreased to €1.06 billion from €1.38 billion in the corresponding period of last year, according to Eurostat data.

Recent data from the US Department of Commerce's Office of Textiles and Apparel indicates that Bangladesh has fallen behind its competitors in apparel exports to the American market during the January-February period of 2024.

According to OTEXA data, Bangladesh experienced a notable decline of 19.24% in its apparel exports to the US during the first two months of this year. This contrasts with China, which saw export growth of 0.48%, and Vietnam, which recorded an increase of 0.14% during the same period.

According to Eurostat, clothing imports by the EU from various countries witnessed a decrease of 15.31% to €12.53 billion in the first two months of 2024, down from €14.80 billion in the same period last year.

Specifically, apparel imports from China to the EU in the January-February period dropped by 13.12% to €3.33 billion, compared to €3.83 billion in the same period of 2023.

The EU's apparel imports from Turkey decreased by 10.69% to €1.54 billion, down from €1.72 billion in the same period of the previous year.

Source: tbsnews.net– Apr 21, 2024

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Bangladesh: Prospect of rebound in trade still grim

As global trade passed a sluggish year in 2023, a strong rebound is necessary to support world economic growth in the current year. However, the possibility of a strong recovery of global trade seems thin for various reasons, as predicted by two leading international organisations.

The World Trade Organization (WTO), in the second week of this month, predicted a modest recovery of global trade. It said that after falling by 1.20 per cent last year, international merchandise trade volume may increase by 2.60 per cent in the current year and 3.30 per cent in the next year. The latest 'Global Trade Outlook and Statistics' report of the WTO also cautioned that three critical risks pose threats to the global trade recovery. These are regional conflicts, geopolitical tensions and economic policy uncertainty.

The past year witnessed a larger drop in global trade regarding value. Merchandise exports dropped by 5 per cent to US$ 24.01 trillion, according to the WTO report. Trade in services, however, increased significantly as the global exports of commercial services jumped by 9 per cent to US$ 7.54 trillion.

Earlier last month, the United Nations Conference on Trade and Development (UNCTAD) released its Global Trade Update. It mentioned that in the previous year, global trade saw a 3 per cent contraction, equalling roughly $1 trillion, compared to the record high of $32 trillion in 2022. Despite this decline, the services sector showed resilience with a $500 billion, or 8 per cent, increase from the previous year. In comparison, trade in goods experienced a $1.3 trillion, or 5 per cent, decline compared to 2022.

Both reports showed that a big decline in trade in goods derived from the overall fall in global trade. So, more focus is now on recovering the trade in goods or merchandise.

The UNCTAD report also added that the forecast for 2024 is broadly positive, with GDP growth expected to continue at around 3 per cent. It added that the demand for environmental goods, especially electric cars, is set to play a crucial role in driving trade growth.

UNCTAD, however, cautioned that the logistical challenges such as shipping disruptions in the Red Sea, Black Sea and Panama Canal may increase costs and disrupt supply chains. Ongoing geopolitical tensions and regional conflicts could also renew volatility in energy and agricultural markets. All these may slow the pace of global trade.

Moreover, the latest escalation in geopolitical tension in the Middle-East after Iran's missile and drone assault on Israel during the last week as a response to the Zionist state's persistent killing of Iranian commanders over the years in Syria and Lebanon has added to the woes. Though the assault was brief and the damage was minor, Israel still retaliated in a calibrated manner.

Even so, the Middle East still remains volatile, leaving a shadow on global trade. As UNCTAD and WTO reports were launched before the latest Iran-Israel stand-off, it was not factored in the forecasts.

Now, slow trade growth means a slowdown in economic activities in various countries. As the countries are now more dependent on trade, any disruption in trade flow raises the cost of output as both exports and imports become costlier. In other words, it reduces national incomes and consumption and ultimately slows overall economic growth.

WTO report also showed that merchandise exports of least-developed countries (LDCs), including Bangladesh, may grow by 2.7 per cent in 2024, which was 4.1 per cent in 2023. It may, however, rebound by 4.2 per cent in the next year.

Bangladesh, however, witnessed a sharp decline in annual goods trade in the last year, which was in line with global trade and not in line with LDCs' combined trade growth. So, the country is now facing the challenge of recovering trade growth.

The country's overall trade in goods dropped to around US$ 123 billion last year, a 14 per cent fall from $143 billion in 2022. This is the biggest decline in the country's international trade in the previous decade. Even during the pandemic in 2020, the overall trade in goods dropped by 12.30 per cent. Again, the country's trade in services also declined last year by 22 per cent to $17.23 billion, according to the statistics available with Bangladesh Bank. Export receipts in services declined sharply than import payments, causing a higher deficit in services trade in 2023.

However, there is a difference between the latest falls and the fall in the pandemic year. 2020 witnessed a simultaneous fall in both exports and imports, by 14.50 per cent and 10.60 per cent, respectively. The big drop in imports drove the fall last year although exports witnessed a small growth. Imports of goods dropped by 24 per cent last year and stood at around $67 billion from $88 billion in 2022.

At the same time, exports inched by only 2 per cent to $55.80 billion last year from $54.70 billion in the previous year. The import restrictive measure to ease the pressure on the country's foreign exchange reserve is a significant factor behind the decline in merchandise import. The rise in the cost of imports due to geopolitical tension also put additional pressure.

During the first quarter of the current year the export earnings registered 11 per cent growth. The imports, however, surged by less than 2 per cent reflecting the continuation of the sluggish trend in trade in goods. So far, no strong sign is also there that there will be a rebound in import in the second quarter which is also the last or final quarter of the current fiscal year.

Source: thefinancialexpress.com.bd– Apr 21, 2024

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Pakistan: Rising energy cost biggest issue of value added textile exporters: PHMA

The Pakistan Hosiery Manufacturers and Exporters Association (PHMA) has said that high cost of doing business has proved to be dangerous for the value-added export-oriented knitwear industry, as the ever-increasing gas and power tariffs are the real threat to the economy amidst frequent upward revisions in policy rate and continuous fluctuations in rupee against dollar.

These views were expressed in an interactive session held here at PHMA zonal office to review the challenges faced by the PHMA members, with the PHMA North Zone Senior Vice Chairman Amanullah Khan in the chair. Participants of the meeting urged the Central Bank to allocate funds for renewable energy schemes, including solar energy financing exclusively to the export-oriented value-added textile sector. This strategic allocation will not only boost apparel sector's growth but also promote a more inclusive and resilient economy.

He said that all stuck-up claims of the exporters, including DLTL, DDT, Customs Rebates and Sales Tax refunds should be released. The liquidity crunch was a major stumbling block in the way of improving exports. Demanding the restoration of zero rating regime, he suggested that the Sales Tax regime for export sector should be totally separated from the local business and that refund of sales tax to exporters be ensured within 72 hours of the filing of claim.

The apparel sector was showing regular growth in exports and should be encouraged through long term policy measurers so that foreign exchange earnings for Pakistan could be increased. PHMA North Zone Senior Vice Chairman Amanullah Khan, in his address, proposed the central bank to review its credit policies by fixing a special quota to finance the knitwear hosiery sector's small and medium enterprises, as only the large industries have been availing government's all major concessional export loaning facilities, while very limited financing is left for the PHMA members which are the backbone of the economy. We must advocate for targeted and fixed allocations for apparel sector SMEs in renewable and solar energy financing, particularly those aimed at the export-oriented sector.

PHMA leader cautioned the government saying the move of increasing energy tariffs was unwise and would sabotage hard efforts of exporters to enhance Pakistan's exports in previous years. He asked the government to ensure a level-playing field by offering competitive energy tariffs and continuing the Duty Drawback of Local Taxes and Levies scheme, as committed in the new five-year textile and apparel policy. He stressed that energy rates for industries should be brought at par or below the tariff prevailing in the competing regional countries.

He demanded a level-playing field with regional competitors through continuation of previous concessionary energy tariffs for the export industry, terming the previous government's decisions to discontinue the tariff concession for five export-oriented sectors unwise and disastrous for exporters. He remarked that at a time of unsatisfactory export volumes and low industrial growth, the hike in electricity tariffs for the export industry was surprising, as it will prove dangerous for the country's knitwear industry.

PHMA senior vice chairman observed that the disruption of concessions committed under the Textile Policy 2020-25 has resulted in decline in industry's textile exports. He claimed that export performance was severely set back by the drastic turn in macroeconomic conditions during 2023-24, of which the historic rise in bank lending rates; raw material and, retraction of concessional gas and electricity tariffs damaged prospects of export growth irreparably. He said that Pakistan's core issue was high cost of doing business which rendered its industrial production uncompetitive, suggesting the government to work on bringing around significant improvements in ease and cost of doing business for the export industry.

Focus on export growth necessarily involves promoting textiles as this sector contributes 62 percent of all exports. Pakistan's textile industry, however, is facing a major crisis as it is rapidly losing credibility and competitiveness in the global market. The $19.3 billion industry, which relies heavily on exports, is experiencing a decline in global shipments. This situation is causing concern among its loyal international customers, who are becoming increasingly skeptical about the industry's ability to meet deadlines and fulfill orders in a timely manner.

Source: nation.com.pk– Apr 22, 2024

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Textile exports earn $12.44 billion for Pakistan in 9 months

Pakistan earned $12,444.820 million from exports of textile products during the first nine months of the current financial year (2023-24), the Pakistan Bureau of Statistics (PBS) reported here.

The exports of the textile products however, witnessed a nominal decline of 0.25 percent during July-March (2023-24) as against the exports of $ 12,476.444 million during July-March (2022-23).

The textile commodities that witnessed positive trade growth included raw cotton, the exports of which grew by 331.88 percent, from $12.987 million last year to $56.086 million this year.

Likewise, the exports of cotton yarn increased by 38.17 percent, from $573.084 million last year to $ 791.808 million this year and bed wear by 2.78 percent, from $ 2,031,740 million to $ 2,088,267 million.

The export of towels also surged by 5.17 percent from $745.288 million to $783.799 million whereas the export of made-up articles went up by 0.17 percent to $535.662 million from $534.764 million.

The textile commodities that witnessed negative growth included cotton cloth, exports of which declined by 7.49 percent, from $1,538.032 million to $1,422.882 million; cotton carded or combed by 24.50 percent, from $0.996 million to $0.752 million; yarn other than cotton yarn by 19.15 percent, from $32.917 million to $26.613 million, and knitwear by 4.43 percent, from $ 3,390.332 million to $ 3,240.272 million.

Likewise, the exports of tents, canvas and tarpaulin decreased by 15.09 percent, from $102.766 million to $87.254 million, ready-made garments by 2.27 percent, from $2,657.265 million to $ 2,596.926 million.

The exports of art, silk and synthetic textiles also decreased by 11.56 percent, declining from $309.432 million to $273.659 million, whereas the exports of all other textile materials also went down by 1.10 percent, from $546.841 million to $540.839 million.

Meanwhile, on a year–on–year basis, the textile exports increased by 3.29 percent, going up from $ 1,257.799 million in March 2023 to $1,299.173

million in March 2024. On a month-on-month basis, the textile exports, however, decreased by 7.67 percent when compared to the exports of $1,407.105 million in February 2024.

Meanwhile, food group exports from the country during the first nine months of the current financial year (2023-24) increased by 48.17 per cent as compared to the exports of the corresponding period of last year.

During the period from July-March, 2023-24, food commodities valued at $5.651 billion were exported as against the exports of $3.814 billion in the same period of the last year, according to the data released by the Pakistan Bureau of Statistics.

During the period under review, rice exports increased by 83.37 per cent and over 4.550 million tons of rice worth $2.930 billion was exported as compared to the exports of 2.939 million tons valued at $1.598 billion in the same period of last year, it added.

Meanwhile, the exports of fruits grew by 17.34 per cent and vegetables by 42.79 per cent as 782,155 metric tons of fruits and 906,836 metric tons of vegetables valued at $265.655 million and $94.896 were exported during the period under review, the data revealed.

Similarly, the exports of tobacco increased by 19.99 per cent and spices by 19.90 per cent respectively as 16,968 metric tons of tobacco worth $61.576 million and 29,011 metric tons of spices valued at $87.297 million were exported during nine months of the current financial year.

The exports of oil seed and nuts grew by 131.60 per cent, whereas exports of sugar decreased by 74.63 per cent as compared to the exports of the same period of last year, it added.

The country earned $386.928 million by exporting about 93,508 metric tons of meat and meat products as the exports of meat and meat preparations grew by 28.24 per cent during the period under review.

Source: nation.com.pk– Apr 21, 2024

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NATIONAL NEWS

Govt aims to make India attractive for manufacturing, services: Sitharaman

Union Finance Minister Nirmala Sitharaman on Saturday said the Centre has tailored policies to make India an attractive destination for manufacturing and services, and the aim was to produce not just for the domestic market but for exports as well.

She was responding to a query on American tech billionaire Elon Musk postponing his meeting with Prime Minister Narendra Modi.

"Policies have been made to attract investments. We want manufacturers and investors to come and produce not just for India but also for exports. We will try to attract manufacturers and investors through policies," she told reporters. Tesla CEO Musk on Saturday said his visit to India has been delayed due to the company's heavy obligations.

"When big companies show interest to come to India, we will do everything to make it attractive for them to come and invest. In that process, if there is anything to discuss, we will certainly discuss. But whatever we have done, we have done it through policy," Sitharaman added.

Asserting the Union government's approach has helped especially after China plus one started being a concern for many industry experts, she said policies have been tailored in such a way so as to make India an attractive destination for manufacturing and for services.

Speaking about inflation, she said it never crossed the tolerance band, except for one month, under the Narendra Modi government, whereas before that (pre-2014) the economy was in a bad shape and inflation was in double digits. "At that time (pre 2014) nobody had any expectations from the country.

After much hard work, we have emerged as the world's fifth largest economy and are confidently saying we will be third in the next two to two-and-half years," the Union minister said. On employment, Sitharaman said there was lack of complete data from both the formal and informal

sectors, but asserted initiatives of the Centre have ensured jobs to lakhs. "The data is inadequate.

I am not saying this pride but while accepting its weakness. All I can say regarding employment is that the money given to people and startups through different schemes...people in crores have availed support. Between October 2022 and November 2023, through the Rozgar Mela, Modi has given government jobs to 10 lakh people," she said.

When asked about the rule that requires larger companies to pay Micro, Small and Medium Enterprises (MSMEs) within 45 days of receiving goods or services, Sitharaman said the law has been existence since 2007-08 and is not new. "Later MSMEs themselves came and said the 45-day payment is not happening within that financial year. But within that financial year, this amount is shown as expenditure and to that extent tax is not being paid.

All that we have done through the Finance Act that was passed in Parliament on February 1, 2023," she said. "We just said tax treatment remains the same. Make a claim in the year you pay to the MSMEs. How can you claim when you have not made payment?" she asked.

Queried about the Indian rupee weakening against the US dollar, she said the fluctuation was due to global uncertainty, wars as well as uncertainty in supply of crude oil from the Middle East. Earlier, addressing industry leaders from Gujarat on 'Viksit Bharat -2047', she said 28 per cent of total capital under Production Linked Incentive (PLI) scheme has come to the state, which has shown remarkable alertness in the last 10-12 years.

So semiconductor manufacturing for India comes first in Gujarat, which has a policy as well as government and ecosystem ready for manufacturing for Viksit Bharat 2047, she said. "The IFSC at GIFT City in Gandhinagar is a big gateway for services to grow in Gujarat. A world-class financial services centre very close to Ahmedabad is just the key for India to reach that kind of global market for attracting more investment and more financial operations," Sitharaman said. She also said Gujarat was in third position in attracting FDI in manufacturing.

Source: business-standard.com– Apr 19, 2024

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Signs of stress: India Inc feels the heat of Iran-Israel conflict

Closely watched by the world for any escalation, the Iran-Israel conflict is already showing early signs of stress for India Inc — longer deliveries, doubling freight rates, extended working capital cycles, and higher costs.

For those yet to feel the heat, there is growing apprehension and nervousness over future developments, observed industry executives.

Akin to any geopolitical tension, oil prices and related escalation in fuel costs are immediate concerns for both the Indian government and industry watchers. Oil and liquefied natural gas (LNG) prices are likely to shoot up if Iran blocks the Strait of Hormuz, through which countries like India import crude oil from Saudi Arabia, Iraq, and the United Arab Emirates, leading to a spike in inflation, analysts said on the Iran-Israel conflict.

The conflict has escalated over the past few days. Iran first launched drone and rocket attacks on Israel, which retaliated by firing a missile. Crude oil prices have hovered around $90 per barrel since the conflict.

In a note, Motilal Oswal Financial Services said that while de-escalation efforts will likely control the crisis, oil and LNG prices will spike in case Iran completely or partially blocks the Strait of Hormuz.

“We have maintained that prices crossing $100 per barrel would lead to a very difficult situation. Whatever price shocks may occur, it seems there remains enough buffer before that is reached,” said a top Ministry of Petroleum and Natural Gas official. The events have made trade more uncertain, raising average prices of spot purchases, the official said.

Ministry sources said that while the hostilities between Israel and Iran are not expected to affect oil flows directly, the government remains concerned about the cascading impact on global prices and incremental effects. Brent crude on April 19 closed at $87.39 per barrel.

Sehul Bhatt, director of research at CRISIL Market Intelligence & Analytics, noted that at present, there is an upside risk to CRISIL’s crude oil price average of $83-88 per barrel range estimates for the calendar year 2024.

"That's because ongoing tensions along some shipping routes could affect supplies. To wit, the Strait of Hormuz handles a fifth of global crude demand or around 21 million barrels a day. The Red Sea route handles around 8 million barrels."

In addition to the obvious fuel cost rise risk, Indian businesses are feeling the heat of higher freight costs, longer delivery times, raw material shortages, and increasing nervousness.

Arun Kumar Garodia, chairman of the Engineering Export Promotion Council (EEPC) of India, said that as goods were taking the longer route around the Cape of Good Hope from the beginning of the Red Sea issue, "It has added two to three weeks to the delivery time".

He said any impact on exports could be determined only if the crisis escalates. Besides exports, West Asia is now a significant contributor to the engineering and capital goods order book of Indian companies. Industry insiders said they are closely monitoring the situation.

Sanjay Jadhav, chief executive officer (CEO) of Sterling Generators, said that the company's finished goods deliveries have been partially affected due to delays in goods movements through the affected areas.

Besides capital goods and engineering, consumer-focused segments such as tea, textile, pharmaceutical (pharma), and automotive (auto), which cater to export markets, are also reporting either early stress or apprehensions over any escalation.

Traditionally, Iran is among the top three markets for Indian tea.

India's tea exporters are nervous that any escalation in the Iran-Israel conflict could wash out hopes for a turnaround from last year's lacklustre business. So far, Assam orthodox tea opened to strong demand this season. However, an escalation of tension in West Asia could throw a spanner in the revival of exports to Iran.

Mohit Agarwal, director of Asian Tea & Exports, said Assam orthodox teas saw robust demand in the first three auctions of the new season with over 86 per cent of teas selling at Rs 75 higher than last year.

"But the prevailing tension in West Asia is making exporters nervous. Any escalation would also impact transportation and insurance costs to Europe and the Commonwealth of Independent States."Asian Tea is one of the top exporters of Indian tea.

Anshuman Kanoria, chairman of the Indian Tea Association, said that the market is buoyant. "If the Iran-Israel situation doesn't flare up, there will be good demand for Assam orthodox."

For textile companies, the added weeks to delivery time have translated into longer working capital cycles.

"Our working capital has gone up as it now takes 35 days to ship via the Cape of Good Hope, which earlier took 20 days to ship via the Suez Canal," said Kailash Lalpuria, executive director (ED) and CEO at Indo Count Industries.

Garodia from EEPC added that certain stainless steel and aluminium product exporters are also missing out on business as the longer delivery time clashes with time-period-related quotas for certain European markets.

India's automakers have already sounded off on 'Westward' difficulties.

Last week, Rakesh Sharma, ED of Bajaj Auto, in an after-March 2023-24 quarter results interaction said the Iran-Israel escalation is making 'Westward logistics' difficult. There is an impact on shipping and freight rates that would, in turn, impact the delivery costs. Other automotive industry executives noted that cargo movement along that route continues, albeit with some slowdown.

Others, such as the electronics segment in India, also warn of a price rise, owing to a raw material shortage.

"Prices of everything from freight to raw materials have increased, and there is even a chip shortage. We are witnessing an overall pricing increase of 10 per cent and it will go up further," said Avneet Singh Marwah, CEO of Super Plastronics, a Kodak brand licensee.

He added, "Seeing the global situation, prices of most raw materials could go up further and hence is preparing for a difficult 2024-25", as he foresees more challenges coming in through higher costs.

For India's pharma industry, buffer stocks, amongst other reasons, have insulated exports from any impact so far. Pharmexcil (Pharmaceuticals Export Promotion Council of India) Director General Uday Bhaskar said that so far India's pharma exports remain unaffected.

A Gujarat-based exporter of pharma goods said, "So far we have not faced any issue with demand from these countries, and most of them also carry buffer stocks of two/three months. However, if the cargo movement is affected, then there would be a rise in logistics costs as well as delivery delays. We will have to wait and watch."

Other industry insiders opined that the MENA (Middle East and North Africa) region is expected to see some impact on pharma exports due to the escalation.

In 2022-23, India's pharma exports to Israel was over $90 million or so. Overall exports to MENA region in FY24 was over $1 billion, according to estimates.

With inputs from Subhayan Chakraborty, Ishita Ayan Dutt, Sharleen D'Souza, Sohini Das, and Amritha Pillay

India Inc's trade dilemma

ELECTRONICS: Raw material shortages and rising costs
ENGINEERING: Up to three weeks' delivery delays
AUTOMOTIVE: Challenges in Westward logistics
TEA: Worries over business in Iran, India's Top 3 tea export market
TEXTILE: Extended working capital cycles

Source: Industry executives

Source: business-standard.com– Apr 21, 2024

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An export-minded self-reliance mix

India is trying to enlarge its global presence in manufacturing while offering tariff-based protection for local production. These seemingly contradictory policy objectives need to be calibrated carefully to attain the desired outcome. By itself, export promotion, if pursued vigorously, can raise the share of manufacturing in economic output.

Protection, however, has a poorer record in enabling local industry to acquire global scale. It has been India's experience as well till the economic reforms of the 1990s that led to liberalisation. The infant industry argument had been taken well past its economic rationale, leading to a balance of payments crisis. Over the next quarter century, India brought down import duties to competitive levels. Yet, the trade deficit in manufacturing did not yield expected improvement.

Now the situation is different. Global supply chains are seeking resilience, and protection for domestic manufacturing India offers is for all takers, not just local companies. This blunts the infant industry case somewhat while allowing global capital time to seed value chains in the country. Tariff protection is a necessary defence the rest of the world is adopting to excess Chinese manufacturing capacity. Any economy offering a manufacturing base in a 'China Plus One' scenario will have to build a temporary fence around Chinese exports.

This approach has a better chance of attaining the goal of self-reliance while expanding India's footprint in manufacturing exports. It gets around the issue of access to technology and capital that is usually a fallout of protective trade. It also steers the economy away from being swamped by goods from export-oriented free trade partners.

A rising share of manufacturing in an economy the size of India's also helps to rebalance global economic growth against China. Export orientation and self-reliance need not be as contradictory as orthodox economic policymaking would suggest. Finding the right mix is key. This time, India may just have found the right blend.

Source: economictimes.com– Apr 21, 2024

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Textiles exports from Tamil Nadu saw a slight drop in FY24

Textile exports from Tamil Nadu -- India's top textile exporting state -- saw a slight drop to $7.1 billion in FY24 as against $7.9 billion in the previous fiscal.

Share of exports from Tamil Nadu to the overall textile export value too marginally dropped to 20.78 per cent against 22.58 per cent in the previous year, according to government data.

Within total textiles exports from the State, readymade garments was $4.69 billion; cotton yarn/fabrics/made ups, handloom products was $2.06 billion; man-made yarn/fabrics/madeups was $286 million; handicrafts excluding hand made was $89.20 million; carpet 19.17 million and carpet jute Manufacturing, including floor covering was $5.85 million.

Gujarat was the second largest exporter of textiles and at the third position was Maharashtra, the data said.

Dr. Siddhartha Rajagopal, Executive Director, Texprocil, said, overall exports of textiles have dropped by 3.24 per cent in fiscal year 2023-24 compared to the earlier year. At the same time it needs to be highlighted that the export of cotton textiles for the year 2023-2024 have reached $11,683 million, growing by approx. 6.7 per cent over the previous year.

"This is a bright spot within the overall textile and apparel basket," he said.

As regards Tamil Nadu, the decline has been a very marginal 2.2 per cent lower than the overall drop in textile exports. The main reasons for decline in Tamil Nadu were the high raw material prices in the initial months of the earlier fiscal year, low capacity utilisation by spinning units and the low off take of garments, which has also led to an overall decline in apparel exports from India by (-) 10.25 per cent.

Going forward the position should improve for both Tamil Nadu and India on the export front as demand stabilises, price of raw materials remain range bound and the India- UK FTA is signed, he said.

On the drop in textile exports from Tamil Nadu, Indian Texpreneurs Federation's Prabhu Dhamodharan said, "We need to keep in mind the fall in commodity prices and its impact on apparel product export prices while comparing the YoY numbers . Based on that factor, the drop in value may not translate exactly in to volume numbers."

Another influencing factor is fall of demand for knitted apparels globally due to excessive buying during the previous year resulted in higher inventory levels with retailers. TamilNadu being a dominant player in knitted apparel exports faced this cyclical issue, he said.

Apart from these cyclical issues, a few structural issues are also emerging now. Tamil Nadu's textile and apparel sector known for its quality products need to build scale, competitiveness, specialisation and market diversification strategies to compete with other emerging states and also competing countries. "Some good efforts are going on in our clusters in all these aspects and we may bounce back soon with growth in this FY 24-25," he said.

Sustainable garments using recycled materials and cellulosic fibres also getting traction here in our region and that will help in capturing the higher value add orders to improve our overall value in exports, said Dhamodharan.

On action that needs to be taken to boost the textiles sector in Tamil Nadu, Dhamodharan said the State's textile and apparel sector is strategically positioning itself to capitalise on the "China plus one" trend, and focusing on enhancing competitiveness and specialisation over the next decade.

The industry emphasises the importance of a stable policy environment, particularly regarding zero tax regime on raw material imports. This stability is crucial for improving value-added exports within the textile value chain, particularly in the western region of Tamil Nadu.

Tamil Nadu Mitra Park

The swift execution of Tamil Nadu Mitra Park is important for expanding processing capacity, which in turn will bolster value-added exports. Ensuring timely implementation is essential to realise China plus one opportunity and enhance the sector's competitiveness.

Modernisation

To maintain competitiveness, the spinning sector in Tamil Nadu requires modernisation. Providing one-time support for modernisation efforts and allocating additional funds to newly launched modernisation support schemes from the State will facilitate the modernization of the yarn sector. This modernisation is essential for regaining market share in yarn exports, he said.

Source: thehindubusinessline.com– Apr 22, 2024

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How textile innovations are shaping the next wave of fashion in India?

Positioned at the cliff of a transformative journey, the Indian textile industry is poised to emerge at the forefront of the global landscape. Backed by its rich cultural heritage, the industry is all set to foray into the avenues of innovation, sustainability, and global integration. Being a significant contributor to the nation's economic boom, it weaves a detailed tapestry of fabrics, which ranges from traditional handloom to technologically advanced manufacturing units.

Nevertheless, the Indian textile industry is closely rooted in tradition, with the interplay between sustainable fibres and innovation capturing the attention of the global masses and markets. In tandem, India's textile and apparel manufacturers market is expected to touch the $350 billion mark by 2030. As we navigate deeper, the dynamics of Indian textile and the global fashion industry are symbolic of a promising trajectory of growth and innovation in the next few years.

Visionary 5F framework

In an attempt to bolster India's 'Make in India' initiative, the government augmented the 5F Framework that gives a boost to the ideology, Farm to Fibre to Factory to Fashion to Foreign.

Acting as the roadmap that guides India's textile industry on a journey of paradigm shifts, this approach calls for a holistic integration of the production process to chart a new path from cultivating raw materials to presenting the final product on the global stage. When it comes to the factory-to-fashion facet, this approach emphasises the importance of modernising the manufacturing cycle and leveraging innovative technologies to enhance efficiency and quality.

Switch to sustainable fabrics

Amidst the steady rise in global eco-consciousness, India's textile market has been striving to curate sustainable and ethical fashion narratives. Despite the long predominance of animal fibres and products, the textile industry has forayed into the landscape of green fibres, aimed at making use of available resources in an eco-friendly way.

For instance, the invention of SeaCell, an innovative fibre made from seaweed-like material is a testament to sustainable innovations. The emphasis on organic dyes, and fair labour practices will further push the industry's growth in an assiduous direction.

The popularity of cultural textile artistry

For centuries, India's textile landscape has been renowned for its rich cultural heritage, which embeds values closely associated with the diversity of garments, popular across different parts of the country. The conventional handloom technique is helmed for its intricate design and rich aesthetic appeal, while artistic craftsmanship is sought for its individualistic essence. Revving fashion designers and global textile houses, India's textile industry acts as an inspiration for authentic creations, imbuing the industry with a distinctive charm.

Modernisation powered by digitised technology

Stepping on the ladder of modernisation, India's textile ecosystem is actively embracing the rise of technological advancements, bringing forth digitisation to give a complete makeover to the textile production process. Enhancing production efficiency and quality, the ascent of AI algorithms has also been instrumental in streamlining the entire supply chain, reducing production costs, and optimising inventory management, enabling the textile industry to seamlessly cater to the demands of a tech-savvy consumer base.

Final thoughts

Leveraging its strength in raw material cultivation, manufacturing, and design, India's textile landscape backed by government initiatives continues to present promising opportunities. As we move ahead, the convergence of conventional techniques and modern technology will elevate India's position as a global textile manufacturing hub. Within this journey from yarn to final product, India's textile saga captivates the entire world in a tapestry of vibrant threads, permeated by innovation, and sustainability.

Source: financialexpress.com– Apr 21, 2024

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Indian wear business slows down in times of fast fashion

Danish fashion retailer Bestseller is shutting down its Indian ethnic wear brand Indifusion, which it had acquired three years ago, amid mounting losses and falling demand. The move also signals a larger slowdown trend in the overall ethnic wear segment since last year, said retailers and mall owners. Bestseller said the brand's sales did not meet expectations or ambitions and, therefore, they decided to make strategic adjustments and realign its focus.

Bestseller, known for its western casual brands such as Jack and Jones and Vero Moda, purchased Indifusion in a distress sale during the peak of the pandemic but had no prior experience in operating an Indian wear label. "For a western brand company, understanding the Indian wear segment is challenging and time consuming too. Also, there has been a general slowdown in the discretionary segment including apparel, which worsened its revival plan," said an industry executive.

Over the past two decades, a shift from ready-to-stitch clothing to ready-to-wear along with the entry of national players like BIBA, W, AND, and Global Desi has propelled the growth in branded apparel helped by a significant shift away from traditional sarees towards ethnic wear and western wear. In India, ethnic wear is the single biggest category in the women's wear segment with a share of 71% despite global fashion brands such as Zara, H&M and Uniqlo pushing westernised clothing in their market.

"Indian wear is now reduced to just being bought for occasions, which led to a flat category growth over the past four quarters compared to western wear, which expanded at a double-digit rate," said Devarajan Iyer, chief executive of Lifestyle International.

The women's ethnic wear market is projected to grow at a compounded annual growth rate of 8% between FY23 and FY26 and cross $22 billion by FY26, according to Wazir Advisors.

"Consumers are seeking versatile clothing that can be worn on multiple occasions, and is comfortable and convenient, and at the same time incorporates cultural influences," said Pakhi Saxena, retail and consumer product goods head at Wazir Advisors.

"Fusion wear has seen significant growth within the womenswear segment driven by an increase in the female workforce, younger population embracing traditional wear with a contemporary look and influence of fashion and entertainment industries."

From basic kurtis worn over plain jeans to sarees with crop tops and lehengas teamed with shirts, fusion wear in India is constantly evolving, led by new and ongoing fashion trends and experiments.

With the new-age direct-to-consumer brands and people moving to western and fusion wear, the traditional wear segment has taken a hit.

Source: economictimes.com– Apr 22, 2024

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Exporters suffer as Houthi attacks make vessel cover costlier

AHMEDABAD: Exporters in India are grappling with a surge in costs due to Houthi attacks on shipping in Red Sea, which has led to a sharp increase in cargo insurance premiums. Some products have seen increase as high as 500%, while the average insurance premium is now 60% higher.

Reasons for increase is heightened risks in the region, prompting insurers to raise premiums for vessel insurance.

Consequently, Indian exporters, particularly those in Gujarat dealing in chemicals, textiles, pharmaceuticals and engineering goods are experiencing a significant financial strain.

Natu Patel, ex-president of Gujarat Chamber of Commerce and Industry (GCCI), said, "Exports have been affected by many issues relating to the Red Sea crisis. Apart from higher freight rates, some products have seen cargo insurance premiums rising six-fold."

The effect on freight rates has been equally severe with costs to Europe almost tripling. Samir Shah, vice-chairman of GCCI international trade facilitation committee, said, "Exporters are struggling to find shipping options, even when willing to pay elevated charges. The availability of shipping slots has also reduced. Although air cargo presents an alternative, it comes with its own limitations, including reduced capacity for large volumes."

Pathik Patwari, ex-president of GCCI, said, " Due to delayed transit time, payments are also delayed, creating working capital issues for MSMEs and exporters. There are also orders cancellations and problems with stock piling up."

Ronak Shah, a custom house agent, said, "Exporters face increased waiting times because shipping lines are mostly avoiding Red Sea route. Vessels insurance premium have risen significantly, which ultimately affects the margins of exporters."

Source: timesofindia.com– Apr 21, 2024

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