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INTERNATIONAL NEWS

China: What are the expectations for ZCE cotton after large decline?

From the evening of April 16, Zhengzhou cotton futures market has experienced a significant decline. The major contract, Sep contract, dropped by over 600yuan/mt from its recent high of 16,515yuan/mt on April 18. The main reasons are as follows:

1. Macro environment: The recent hawkish stance of the US Fed and the diminishing expectations of interest rate cuts have strengthened the US dollar index. Apart from commodities influenced by geopolitical factors, the overall sentiment in most commodity markets was bearish.

2. ICE cotton delivery receipts have been consistently rising. The previously bullish situation in the international ICE cotton market has shifted to a bearish one, leading to continuous declines in ICE cotton prices under macroeconomic and fund speculation pressures. Prices have fallen back to levels before the bullish pressure, exerting significant downward pressure on Chinese cotton prices.

3. The marginal improvement of downstream market sales in China during late March and mid-April supported ZCE cotton futures previously when ICE cotton declined. However, a weakening trend in downstream industries emerged again in mid-April, leading to a lack of short-term support for Chinese cotton prices. Although the fundamental weakness was not yet very apparent, the sharp decline of ZCE cotton in the short term iwas mainly amplified by macro sentiment.

Looking at the current fundamentals of the Chinese cotton market, cotton prices lack obvious momentum, waiting for the stabilization of macro environment and ICE cotton futures market. The fundamentals are as follows:

1. Production expectations: There is currently no clear adverse weather affecting production, and if early planting encounters unfavorable weather, there is still time for replanting. Therefore, weather conditions have minimal impact in short, but weather effects in the later period still need continuous monitoring.

2. Imports: Massive imports have brought clear supply pressure. Monthly cotton imports have consistently exceeded 200,000 tons from September 2023 to March 2024.In March 2024, the import volumes reached as high as 400,000 tons. From September 2023 to March 2024, imports totaled 2.13 million tons, an increase of 1.27 million tons year on year. Although some imported cotton

entered the state reserves, the actual pressure from imports, if the reserves are not released, may not be as significant as it appears. However, commercial imports still impose pressure on the supply side. If cotton prices rise significantly later, the release of state reserved cotton may become a clear policy measure.

3. Cotton inventory: spot cotton inventory pressure is not significant in general and remains at a relatively benign level. In the first half year of 2024, with not bad operating rate of spinning mills and actual consumption, spot cotton inventory is benign. And there are concerns about the periodical inventory tightness if operating rate of spinning mills continues later together with the excessive capacity. However, in the short term, the overall spot supply is still adequate, and the expected inventory tightening has not yet materialized.

4. Downstream consumption: Currently, the performance of downstream sales both domestically and internationally is mediocre. Although overall performance is not bad, there is no significant improvement. Market demand shows slight phase changes. From mid-December 2023 to mid-January 2024, there was an improvement in downstream market, but from February to late March 2024, the increase in new orders was lower than expected, and the peak season was not prosperous.

From late March to mid-April 2024, downstream industries saw another improvement compared to the previous period, but from mid-April, the market weakened again. In the short term, the weakening of downstream performance has an adverse impact on cotton prices. However, it is still necessary to observe whether the degree of weakness in consumption is small in the medium term and whether there will be another improvement in downstream performance.

Overall, in the short term, pay attention to the macro environment and ICE cotton futures. Currently, Chinese supply is sufficient, and the marginal weakening of downstream industries has shifted the cotton price fluctuation range downwards. In the medium term, the overall inventory situation is benign, and attention should be paid to whether there will be a temporary improvement in downstream consumption.

Source: ccfgroup.com– Apr 22, 2024

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China's cross-border e-com trade up 9.6% YoY in Q1 2024: Ministry

Cross-border e-commerce trade in China increased by 9.6 per cent year on year (YoY) to 577.6 billion yuan (~$81.3 billion) in the first quarter (Q1) this year, according to commerce ministry data.

The country's e-commerce imports and exports with Silk Road e-commerce partner countries like Hungary, the United Arab Emirates, Cambodia and Brazil, saw rapid growth during the quarter, the ministry said.

The pace of international cooperation in e-commerce has accelerated as well, it said, noting that for the first time, Chinese e-commerce platforms conducted roadshows abroad, connecting with more than 60 small and medium enterprises in Italy, a state-controlled media outlet reported.

Domestic online retail sales reached 3.3 trillion yuan (~$455.6 billion) during the quarter—an increase of 12.4 per cent YoY.

Source: fibre2fashion.com– Apr 22, 2024

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Vietnam's economic growth projected to expand by 6.5% in 2024: IMF

Vietnam's economic growth is likely to expand by about 6.5 per cent this year due to significant foreign direct investment (FDI) and efforts to improve the business environment and infrastructure, the International Monetary Fund's (IMF) Asia and Pacific (APAC) department director Krishna Srinivasan recently said.

Vietnam will see several opportunities arising out of digitalisation and green transformation, Srinivasan told a press conference on the release of the Regional Economic Outlook for Asia and Pacific in Washington, DC.

The IMF projects the APAC region to grow by 4.5 per cent this year, an upward revision of 0.3 percentage points relative to October. With this, Asia will contribute about 60 per cent of global growth.

Srinivasan said that promoting growth varies from country to country. In China and India, the IMF expects investment to contribute disproportionately to growth. Meanwhile, in emerging Asia outside China and India, robust private consumption will remain the main growth engine.

He suggested governments should focus on consolidation to curb the rise in public debt and rebuild fiscal buffers.

Source: fibre2fashion.com– Apr 22, 2024

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Levi's makes big bet on DTC sales, embraces baggy denim trend

Levi Strauss & Co. (Levi's) is experiencing a positive shift in its business strategy, with a strong focus on direct-to-consumer (DTC) sales leading to a 7 per cent increase in after-hours trading and an 11 per cent rise in pre-market trading on Thursday. This success is attributed to a significant rise in DTC sales across all segments, with nearly half (48 per cent) now coming directly through Levi's online marketplace and brick-and-mortar stores.

Shifting Gears: DTC over wholesale

CEO Michelle Gass emphasizes the importance of leveraging the DTC channel, potentially moving away from a heavy reliance on traditional wholesale partners like Macy's and Kohl's. This strategic move allows Levi's to build a stronger brand connection with consumers and potentially capture a larger share of the profits.

Growing demand for baggy denim

DTC sales data also reveals a clear trend towards baggie styles. Women are increasingly purchasing denim skirts, jumpsuits, low-rise and bootcut jeans, indicating a move away from skinny jeans. Men are following suit with a rise in loose-fitting jeans.

Interestingly, Gass remained coy about a potential sales boost linked to Beyonce's recent song ‘Levii's Jeans’. However, the trend does indicate a broader move towards comfort and relaxed silhouettes in fashion.

Meanwhile, Levi's surpassed Wall Street's expectations with revenue of $1.56 billion, exceeding analyst forecasts. However, the company reported a loss of $10.6 million in the first quarter, partly due to the discontinuation of the Denizen brand and workforce reductions.

Despite a first-quarter loss due to brand divestment and workforce reduction, Levi's anticipates full-year profits to rise, adjusting its EPS outlook to $1.17-$1.27 (up from $1.15-$1.25).

Global expansion plans

Despite the workforce reduction, Levi's continues to invest in its global presence. Plans include opening new stores in Asia and a flagship store in Paris ahead of the 2024 Summer Olympics. This expansion reflects confidence in the brand's international appeal alongside its booming DTC channels.

While Levi's is experiencing positive momentum, some challenges remain. One major issue is inflation waning consumer spending due to inflation could dampen sales growth. Also, fast fashion brands and other denim players pose a constant threat. However, the company's strong brand heritage, focus on DTC growth, and adaptation to changing consumer preferences position Levi's for continued success.

Key Takeaways

• Levi's is experiencing strong growth in D2C sales, with almost half coming from their own channels.

• Consumer preferences are shifting towards baggier denim styles.

• The company incurred a loss in Q1 2024 due to brand exit and workforce reduction.

• Despite inflation concerns, Levi's maintains a positive profit outlook for the year.

• Global expansion plans include new stores in Asia and a flagship store in Paris.

Source: fashionatingworld.com– Apr 22, 2024

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Uniqlo launches new flagship Store in Rome

UNIQLO Rome Via del Corso, the second UNIQLO flagship store in Italy, marks a further step towards expansion in the market, after the opening of its first retail location in Milan's Piazza Cordusio in September 2019.

The Rome store features UNIQLO LifeWear - high quality, everyday, and long-lasting clothing that helps improve people's daily lives - for Men, Women, and Kids, distributed over three floors (basement, ground, and first floor) for a total of more than 1,300 square meters. UNIQLO Rome Via del Corso employs 120 people.

"We are extremely honored and proud to have opened our new store in Rome today," said Mark Barnatovic, UNIQLO Italy COO. "For us each new store is an opportunity to start afresh and learn how we can enhance our customers' shopping experiences.

'Romanità,' the Roman way of living, played a central role in developing our store concept, and which was all about creating a space to narrate our LifeWear philosophy in a way that resonates with Roman people," he continued.

The Ribbon Cutting Ceremony was preceded by a performance on a traditional Japanese Sanshin instrument, and a group of Taiko drummers. The ceremony was attended by the Mayor of Rome, Mr. Roberto Gualtieri, Taku Morikawa, UNIQLO Europe CEO, Mark Barnatovic, Kenshi Iwamura, UNIQLO Rome Via del Corso General Manager, Rosanna Nogar, UNIQLO Rome Via del Corso Store Manager, Roman entrepreneur Mrs. Carolina Venosi, and floral designer Mr. Dylan Tripp, both of whom have participated in the UNIQLO 'Today's Classic' advertising campaign, and Mr. Nicola Sajeva, Asset & Development Management Director at Prelios SGR.

UNIQLO Rome Via del Corso features exclusive services such as RE.UNIQLO Studio, which offers customers the ability to repair and customize UNIQLO items, the first UTme! Machine in Italy, an exclusive tool allowing customers to choose among unique designs and create their own printed T-shirts, and an automated Click & Collect system for customers to pick up their online orders in a fast and autonomous manner.

The store design concept was inspired by the history and architecture of Rome. Arches and portals, travertine tones, wooden finishes and warm tones pay homage to the city, giving the store a distinctive aesthetic that truly speaks to the heart of Romans.

Source: fibre2fashion.com– Apr 22, 2024

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Canadian researchers aim to develop textiles from hemp & straw

Researchers at the University of Alberta are working to transform straw into a versatile, environmentally friendly material with a wide range of applications, from dental floss to durable workwear. Led by textile scientist Patricia Dolez from the Faculty of Agricultural, Life & Environmental Sciences, the initiative focuses on developing effective methods for processing and manufacturing specialised fibres derived from cellulose—a natural compound found in all plants.

“The work, when fully developed, can benefit the environment, the economy and Canada’s textile manufacturing sector. There’s a lot of overarching potential for this work to strengthen Canada’s bioeconomy by creating made-in-Canada fibres using local sources of cellulose in an environmentally friendly process,” Dolez said in a press release.

Experimenting with cellulose from Canadian-grown hemp, Dolez and her team are planning to determine the best parameters for producing lyocell, a man-made fibre, which can then be turned into textiles for a wide range of products.

The solvent used in producing lyocell is almost 100 per cent recoverable, making it a sustainable way to manufacture textile fibres. The regenerated cellulose fibres also provide a use for agricultural straw that would otherwise be left in the field, said Lelia Lawson, a PhD student in human ecology working on the project.

“Hemp, in particular, offers great opportunities as a local source of cellulose for the lyocell process. While traditional sources like eucalyptus trees and bamboo plants don’t grow in Canada, the country’s long daylight hours are good for growing hemp. It can grow up to 20 feet tall, which means more feedstock to work with. There’s a lot of biomass from this crop,” added Lawson.

The research began in 2023 in the U of A’s Biorefining and Conversions and Fermentation Laboratory and the Protective Clothing and Equipment Research facility. The work is happening in two phases, first exploring how to enhancethe process of manufacturing the cellulose filaments.

"When taking the cellulose and making a fibre out of it, we want to see how we can optimise the selection of blending different types of hemp, to get the best performance in qualities such as strength," added Dolez.

The researchers are then adding other ingredients to the cellulose to modify the fibre so it stands up under wet or dry conditions, and is resistant to fire, UV rays and shrinkage. In initial control experiments, the researchers have already been able to create a lyocell fibre using cellulose from wood pulp, laying the groundwork for experimenting with hemp.

"We are very excited to show success with the method we've developed. We're still refining the process and learning new things, but since we have a proof of concept with existing wood pulp, we can proceed with experiments using hemp and other feedstocks, such as cellulose from used clothing," Lawson added.

When it's complete, the research will lead to patented technology that can feed Canada's textile manufacturing sector, says Dolez.

"There is almost no fibre production in Canada, so this will help assure a domestically available supply. There's also the potential to expand international markets for lyocell fibres. Humans are starting to consume more cellulose-based textiles, mainly cotton, but that can only be grown in certain agricultural zones, so land is limited. Alternative forms of cellulose would help fill that gap, and hemp feedstock is a good opportunity because it can grow almost everywhere in the world. Once we are able to apply this technology, we could have quite a strong boom for potential end users, not just for textiles, but for anything from biofuels to food science," added Lawson.

The work, which also includes the expertise of U of A researchers Jane Batcheller and David Bressler, is funded by the Alberta Innovates Agri-Food and Bioindustrial Innovation Programme, Bioindustrial Innovation Canada and PrairiesCan. Industry partners include Davey Textile Solutions Inc funded through the National Research Council Canada Industrial Research Assistance Programme, clothing retailer Mark's, Techfibre Industries and Plantae Technologies.

Source: fibre2fashion.com– Apr 22, 2024

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Bangladesh: US trade delegation presses BGMEA on labour rights, union formation

BGMEA President SM Mannan Kochi, representing the domestic apparel industry, discussed critical issues surrounding bilateral trade and policies including workers' rights, well-being, and market access matters with the delegation.

Led by Brendan Lynch, assistant US Trade representative for South and Central Asia, the USTR delegation also comprised the organisation's Director for South and Central Asia Emily Ashby and Director for Labour Affairs Jennifer Oetken.

The USTR delegates appreciated the progress Bangladesh made in a few areas like the labour rights sector. They also said that there is still room for improvements in sectors like amendments to the Labour Act.

Regarding the meeting, BGMEA Director Shovon Islam told TBS that the attitude of the USTR delegates in yesterday's meeting was very positive.

"We cannot say that all our activities have fulfilled their demands, but they have expressed satisfaction with our progress. We have been working on the formation of trade unions for a long, they have suggested simplifying the process of forming it," he added.

He also said in the recent draft of the Labour Act, they made significant changes as per the International Labour Organization (ILO), EU and USA's recommendations. However, they further suggested that there are still scopes for the amendments to the Bangladesh Labour Act and asked manufacturers to reconsider it.

"Violence in the industry is decreasing, and they support this process," he added. Shovon also said that the US delegation presented the issue of fair price at the meeting.

"The delegates said that they discussed it with the brands and buyers. We need to continue working on enhancing our global image. Creating a positive global perception will accelerate the fair price issues," he added.

He further said that they guide them in various matters regarding labour rights and bilateral trade issues. A positive labour condition is a must in getting a Generalized System of Preferences (GSP).

During the discussions, the BGMEA president shared updates on the significant progress made by the ready-made garment industry regarding workplace safety, workers' rights, and ongoing labour law reforms in Bangladesh.

He also sought the support and collaboration of the US government to ensure a fair minimum price of apparel and a unified code of conduct for social audits. He also demanded the US government reinstate GSP in favour of Bangladesh and include garment items in its GSP programme.

Kochi reiterated the commitment and ongoing efforts of the government of Bangladesh and of the industry to make further progress in workers' rights and welfare issues.

Meanwhile, BGMEA is repeatedly urging duty-free access to the US as the country is seeking a cotton market, and Bangladesh wants to increase exports to the USA. If the country offers them a duty-free market for cotton products, the raw materials imports from the country will increase as well.

The meeting highlighted the importance of collaboration and engagement towards making the RMG industry more sustainable. US Embassy in Dhaka Economic Unit Chief Joseph Giblin and Labor Attaché Leena Khan were also present at the meeting.

The BGMEA side was headed by its president and included Senior Vice President Khandoker Rafiqul Islam, Vice President (Finance) Md Nasir Uddin and Vice President Abdullah Hil Rakib.

Directors of BGMEA Asif Ashraf, Shovon Islam, Mohammad Sohel Sadat, Md Ashikur Rahman (Tuhin), Shams Mahmud, Nusrat Bari Asha, and Chair of BGMEA Standing Committee on ILO and Labour Affairs ANM Saifuddin were also present.

Source: tbsnews.net– Apr 22, 2024

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Bangladesh: BGMEA again seeks duty-free garment exports to US market

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has again urged the US government to allow duty-free access for garment items made from imported American cotton by reinstating its Generalised System of Preferences (GSP) facility.

Leaders of the trade body made this demand at a meeting with senior officials of the United States Trade Representative (USTR) at the BGMEA office in Dhaka yesterday. Brendan Lynch, assistant USTR for South and Central Asia, led the American delegation while SM Mannan Kochi, president of the BGMEA, led the Bangladeshi delegation.

At the meeting, the BGMEA also urged the USTR to put pressure on US clothing retailers and brands to increase the per unit price paid for garment items sourced from Bangladesh. Additionally, Kochi suggested introducing a unified code of conduct for all local brands and suppliers of the US market.

Meanwhile, the USTR officials suggested improving labour rights and easing the rules for registering trade unions in Bangladesh's garments sector. The USTR also provided 11 conditions that need to be improved in Bangladesh's labour sector to attract more US investment. The same conditions were also provided to the government of Bangladesh at a meeting with Senior Commerce Secretary Tapan Kanti Ghosh in Dhaka on Sunday.

Bangladesh has been seeking duty-free access to the US market for garments made from imported American cotton for the past few years, but the US government has yet to respond. On the other hand, the US government wants further improvement in the labour laws of Bangladesh through the required amendments as a condition for further investment.

The US is currently the single largest export destination for Bangladesh, with garment items accounting for more than 90 percent, or $8.27 billion, of total shipments last year.

Source: thedailystar.net– Apr 23, 2024

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Nepal, Bangladesh push for PTA to elevate bilateral trade

Bangladesh and Nepal recently concluded the 7th Commerce Secretary Level Meeting (7th CSLM) in Kathmandu, emphasising the urgency of finalising the Preferential Trade Agreement (PTA) to enhance bilateral trade.

Led by Tapan Kanti Ghosh from Bangladesh and Dinesh Kumar Ghimire from Nepal, both delegations included officials from relevant ministries and ambassadors.

The proposed PTA aims to bolster trade by facilitating duty-free or preferential access to each other's goods even as both parties agreed for the Trade Negotiating Committee (TNC) to promptly finalise the PTA text, Rules of Origin, and product lists.

Acknowledging their robust bilateral relations, they discussed various aspects for strengthening trade and economic cooperation.

With both countries set to graduate from Least Developed Country (LDC) status by 2026, challenges regarding market access were deliberated upon even as collaboration was emphasised to address these challenges and enhance connectivity.

Recent developments in power sector cooperation were welcomed, with Bangladesh highlighting the need for a secure power supply and comprehensive investor protection.

Existing bilateral Memoranda of Understanding (MoUs) related to agriculture and trade regulations were also reviewed, underscoring effective implementation to foster a favourable business environment.

A significant step towards cooperation was the agreement to sign a Customs Mutual Assistance Agreement (CMMA), facilitating customs-related data exchange, harmonising customs procedures and simplifying visa processes for Bangladeshi businesspersons were also discussed.

Source: fibre2fashion.com– Apr 22, 2024

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Bangladesh's large-scale manufacturing up 6.85%

Despite import curbs and a scarcity of dollars, Bangladesh's large-scale manufacturing (LSM) staged a rebound, alleviating economic strain.

As per Bangladesh Bureau of Statistics (BBS), in January, the LSM sector surged by 6.85 per cent, reversing a three-month decline. This rise signifies resilience in manufacturing, overcoming challenges like import restrictions and dollar shortages.

With LSM industries contributing around 11 per cent to the economy, the January quantum index reached 244.36 points, up from 228.70 a year earlier. Most notably, the LSM index demonstrated consistent annual growth, with only six out of 23 industrial categories experiencing declines.

Economists attributed this surge to heightened economic activity, driven by preparations for Ramadan and the general election even if despite domestic challenges like high input costs and policy rates, LSM exceeded potential growth, surprising analysts.

The notable growth sectors included clothing, food, beverages, chemicals, pharmaceuticals, and electronics, with food and beverage sectors growing by 17.6 per cent and nearly 32 per cent respectively.

Meanwhile, textiles, rubber, and motor vehicle manufacturing saw declines.

Looking ahead, the forecast is optimistic, with expectations of sustained growth in clothing manufacturing and increased beverage production due to rising temperatures from climate change.

Source: fibre2fashion.com– Apr 22, 2024

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Pakistan: Normalising trade with India

For decades, it has been evident that major political parties on both sides have advocated for normalising trade relations, but some important stakeholders had reservations. However, the National Security Policy (NSP) announced in 2021 indicated that Pakistan is prepared to move on and prioritise geoeconomics over geopolitics.

We need to recognise the importance of time and make smart choices for our future. Pakistan's economy has not been doing well: in FY23, it shrank by 0.6 per cent, and it's predicted to grow only by 2pc in FY24 against a population growth of 2.6pc.

Poverty is already a big problem, affecting about 40pc of people, and it's getting worse due to high inflation and low growth.

We need a proactive approach to getting out of such a hopeless situation, and normalising trade with India can bring us many benefits.

First, let's consider the potential for total international trade growth. According to the World Bank, if we establish a normal trading relationship with India, our exports could increase by a staggering 80pc, or about $25 billion. This could be a game-changer for Pakistan — enhancing our exports, easing our shortage of foreign exchange, and boosting our GDP growth.

Second, this is the shortest route to easing inflation pressure, which has been stubbornly high since the closure of direct trade. To keep inflation under control, the State Bank has to keep the interest rate high. At 22pc, the private sector has stopped borrowing, seriously hurting industrial and GDP growth.

Third, we will save precious foreign exchange, which is currently spent rerouting goods through third countries. Much of this occurs via the United Arab Emirates (UAE), which is currently India's second-largest export market and Pakistan's second-largest import market. Some studies suggest that with freight and eliminating other expenses involved with rerouting through third parties, Pakistan could save over $1bn annually.

The cessation of bilateral trade has disproportionately affected our small and medium-sized enterprises (SMEs). For instance, date farmers in Khairpur are forced to sell their produce to middlemen who export their goods via Dubai, significantly reducing their profits. Resuming normal trade with India would offer substantial advantages to economically disadvantaged sections of our society, making regional trade more accessible than exporting to distant countries.

Finally, Pakistan is losing out on new industries being relocated from China to diversify supply chains. Investors look for locations to source raw materials and quickly export to the regional markets. Since India is a major source of industrial raw materials and a big export market, not allowing trade makes goods manufactured in Pakistan uncompetitive.

We're also missing the chance to grow our trade share through global value chains that make up 70pc of world trade but only 5pc of Pakistan's.

Some argue that we should not normalise trade relations unless the Kashmir issue is resolved. However, many countries, including China and India, China and Taiwan, and Israel and Arab countries, have border disputes yet continue trading. Pakistan has had this border dispute since independence, yet the founding fathers of both countries did not resort to closing trade.

Some individuals also oppose opening up trade, fearing that India's potential to export more than Pakistan could worsen our trade deficit. It is crucial to recognise that importing goods from India could replace more expensive imports from other sources and thus reduce our overall trade deficit.

For instance, India's trade deficit with China amounts to approximately $100bn, and Bangladesh's deficit with India is around $14bn. Despite these significant trade imbalances, both countries continue this trade as they realise that importing these goods elsewhere would cost more.

Since Pakistan has banned imports from India, it could take the first step of lifting the ban. Of course, India would need to reciprocate by removing extra duties imposed on Pakistani imports. Contrary to the misperception that both countries will have to negotiate a new trade agreement, the Agreement on South Asian Free Trade Area framework already exists.

Perhaps the only complication is the forthcoming elections in India, which will start later this month and continue until June. In the meantime, our government could do some homework on building consensus and make a roadmap on how it intends to proceed.

Source: dawn.com– Apr 22, 2024

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NATIONAL NEWS

Russia nudges Azerbaijan to play active role in INSTC that would boost trade with India

Russia has nudged Azerbaijan to play an active role to boost the International North South Transport Corridor (INSTC) that is a key trade link between India and Russia.

INSTC is the key transport corridor between Mumbai and St Petersburg via Iran. There are plans to link INSTC with the North Sea Route of the Arctic and the Chabahar Port in future.

Azerbaijan has been slow in full implementation of INSTC, which has otherwise contributed to increase in India-Russia trade since 2022. Armenia is also interested in developing a branch of INSTC. While the Kazakhstan-Turkmenistan route is another branch of INSTC, another branch is the Iran-Caspian Sea route.

Russia invited all the interested countries to participate in development of the INSTC, President Vladimir Putin said at the joint meeting with President of Azerbaijan Ilham Aliyev in Moscow on Monday.

"Just as the Baikal-Amur Mainline (BAM), which became indeed the all-Union construction project, was called to serve interests of all the [Soviet] Union republics, the North-South transport corridor should become an example of the broadest international cooperation," Putin said. "We invite all the interested countries to take part in this project," he noted.

The INSTC resembles the BAM by its scale, Putin said. "It actually links the Northern Sea Route to the Persian Gulf," the Russian leader said, adding that the route is being laid "for purposes of expedited economic and social development of Eurasian and Global South countries.".

Russia's partners in BAM and Trans-Siberian Railway upgrade can receive access to growing Asia-Pacific markets, Putin told Aliyev indicating Russia's role in giving Eurasian states in South Caucasus access to the Pacific.

"We are ready to offer access to quickly growing markets of the Asia-Pacific Region to our partners. To this end we intend to implement plans of expedited upgrade of BAM, the Trans-Siberian Railway, development of the entire eastern range of railroads on the basis of advanced technologies," the Russian President said.

"Implementation of these plans is also of paramount importance to strengthen the connectivity of our country, for our political and economic sovereignty," Putin added.

Source: economictimes.com– Apr 23, 2024

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As tensions mount in Red Sea, freight charges, insurance premiums may surge further

Freight charges and insurance premia for shipping vessels plying on global routes are expected to firm up with heightened tensions between Iran and Israel.

The threat is seen high for ships bound for western European countries and the US.

Sector watchers estimate that freight rates rose by about $100 per container for ships going through the Red Sea due to disruptions and capacity constraints.

War risk insurance premium, which was at around 0.05% before the crisis, is now between 0.75% and 1% of the insured value of the vessel.

"These high premiums are a consequence of increased risk due to Houthi activity in the region," Sunil Vaswani, executive director at Container Shipping Lines Association, told ET, adding that premiums might increase even further.

Global shipping major AP Moller-Maersk announced peak season surcharge for a few routes on Monday.

"There is space constraint on the ships, which is leading to higher fares. Shipping a standard size container (20 feet long) to Europe now costs $2,500, five times up from $500 before October 2023.

Fares to the United States' east coast have also risen significantly to $4,500 per container, up from $1,500 in the pre-crisis period," Arun Kumar Garodia, chairman at Engineering Export Promotion Council of India, told ET. "Tensions have remained heightened, but costs will escalate if the Red Sea crisis worsens."

Source: economictimes.com– Apr 22, 2024

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Small exporters seek continuation of amnesty scheme till Sep: Industry body

Several small exporters have requested the government to continue the amnesty scheme for one-time settlement of default in export obligation till September, an industry body said on Monday.

Ludhiana-based Hand Tools Association President S C Ralhan said the number of small exporters have not been able to avail of benefits of the scheme due to fulfilling their obligations to make make payments to MSMEs within 45 days.

According to Section 43B(h) of the Income Tax Act, introduced through the Finance Act 2023, if a larger company does not pay an MSME on time -- within 45 days in case of written agreements -- it cannot deduct that expense from its taxable income, leading to potentially higher taxes.

"Due to this, we diverted our funds to make payments and several of us were not able to apply for the amnesty scheme. We urge the government to continue the scheme till September," Ralhan said.

The last date for payment of customs duty plus interest ended on March 31, 2024.

In the new foreign trade policy (FTP), the scheme was announced for exporters for one-time settlement of default in export obligation by the holders of advance and EPCG (export promotion for capital goods) authorisations.

Under the scheme, all pending cases of the default in meeting export obligation (EO) of certain authorisations can be regularised by the authorisation holder on payment of all customs duties that were exempted in proportion to unfulfilled EO and interest at 100 per cent of such duties exempted.

Ralhan added that they will soon send a communication regarding this to the commerce ministry.

Another exporter said the extension of the scheme till September will help them apply and avail the benefit.

Meanwhile, a government official said the commerce ministry is compiling the data with regard to availing of benefits of the scheme.

"We are compiling the figures to see the total value. It will take a few more days," the official said.

Source: business-standard.com– Apr 22, 2024

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Ginners reluctant to sell at low prices as cotton arrivals slow down

As the daily market arrivals of cotton have slowed down amidst a subdued price trend, ginners are seen reluctant to sell their produce at lower prices. Prices of cotton, which were on a downtrend till last week are seen stabilising at the current levels, even as the futures price on ICE have shown a slight uptake.

Compared to the last month, the market arrivals have almost halved and slipped below 50,000 bales (170 kg each) on a daily basis. Major arrivals on Saturday were in Maharashtra at 21,300 bales and in Gujarat at 18,100 bales, with other States accounting for the rest.

"Ginners are not ready to sell, while the buyers are not ready to purchase at the current levels," said Pradeep Jain, President, Khandesh Gin Press Factory Owners Association in Jalagon. Cotton prices, which are hovering around 57,000 per candy, should not go below these levels, he added.

With the July contract up on ICE, the multinationals operating in India increased the selling price by ₹600-700 per candy on Monday, said Ramanuj Das Boob, a sourcing agent in Raichur.

The July cotton contract on ICE, which touched a high of 82.58 cents was hovering around 81.65 on Monday. On MCX, cotton contract for May 31 delivery was up 1.79 per cent or by ₹1,040 at ₹59,000. Interestingly, Cotton Corporation of India (CCI), which had reduced the price by ₹1,000 per candy, sold some 28,103 bales to the mills on Monday.

Unlikely to dip

Boob said the prices are unlikely to go down from the current levels due to the low market arrivals and stabilise at these levels. The market may move up based on the futures on ICE and the yarn demand, he said.

"At lower prices, ginners are reluctant to sell, because the availability of raw cotton is very less. There is no availability in the States. So ginners, don't want to sell at lesser prices in anticipation that prices may go up further and are preferring to wait and watch," Boob added.

"Further, the demand for cotton remains weak as the yarn prices have reduced a bit and there is not much of demand in yarns. Mills are also buying at a slow pace as per their needs," Boob added.

Anand Popat, a domestic and international agent in Rajkot said the recovery in the cotton market has started from Monday with the benchmark Sankar 6 prices gaining by ₹500 per candy.

He attributed the recent volatility in the global price trends to speculation and said that there was no fundamental reason for the sharp price movement. "Ginners are troubled by the current downtrend caused by the speculation and so also the buyers are in a wait and watch mode," Popat said, adding that prices are unlikely to go down further.

Stating that India's cotton balance sheet is tight, Popat said the daily cotton arrivals are in the range of 40,000-50,000 bales, while the demand is about 1 lakh bales. Physical cotton prices are expected to be steady to firm in the coming days with the potential for a long-term stable to firm trend, Popat said.

Source: thehindubusinessline.com– Apr 22, 2024

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China's fabric exports to India shrink with rising domestic demand

While China remains the world's leading textile producer, its grip on India's fabric import market appears to be loosening. Data from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) shows a shift in recent years. India's fabric imports from China peaked at $6.4 billion in 2022-23 (April-Dec), reflecting a 40 per cent increase over the previous year.

However, this figure marks a potential turning point. Experts predict continued decline in China's share, which previously hovered around a significant portion of India's total fabric imports. This trend coincides with China's rising production costs and a global ‘China Plus One’ strategy, where businesses are diversifying their sourcing beyond China.

Synthetic fabrics dominate

The types of fabrics exported from China to India also tell a story. Synthetic and knitted fabrics dominate the trade, accounting for over 60 per cent of the total value in 2022-23 (April-Dec). This is valued at $3.7 billion, a significant 40 per cent increase compared to the previous year. This aligns with China's strength in mass production of cost-effective synthetic textiles. Cotton fabrics, on the other hand, make up a smaller portion, around 30 per cent.

While India boasts of a strong domestic textile industry, some specific fabric types remain challenging to produce competitively. High-tech fabrics with specialized functionalities or intricate designs are areas where Chinese manufacturers often hold an edge due to advancements in textile technology and economies of scale

So, what sets Chinese fabrics apart? Chinese manufacturers often benefit from economies of scale and government subsidies, allowing them to produce certain fabrics at a lower cost than their Indian counterparts. Additionally, China has a well-established research and development infrastructure in the textile industry, giving them an advantage in creating innovative and high-tech fabrics that India might not be able to produce yet.

Reducing reliance on China

Recognizing the need to reduce reliance on Chinese imports, the Indian government and textile industry are taking steps. Initiatives include:

Policy measures: The government is implementing policies that incentivize domestic production, such as tax breaks and schemes to attract investment in the textile sector. This may involve lowering import duties on raw materials like yarn, while raising them on finished fabrics

Skill development: Programs are being rolled out to improve the skills of the Indian workforce, making them more competitive in the global textile market.

Technological advancement: Investments are being made in research and development to bridge the gap between Indian and Chinese capabilities in producing high-tech fabrics.

While the road to complete self-sufficiency is long, these efforts aim to make India a more competitive player in the global textile market, reducing its dependence on Chinese fabric imports.

Source: fashionatingworld.com– Apr 22, 2024

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Welspun launches sustainable cotton cultivation project to improve farmers' income

Welspun Living Limited (WLL), previously Welspun India Limited, has launched a project — Wel-Krishi — to encourage sustainable cotton cultivation by providing support and training to farmers to raise their income through higher productivity and lower income costs.

"We help growers produce better cotton as well as non-GMO cotton through our sustainable farming projects. And we also assist our farmers in cultivating superior crops," Dipali Goenka, CEO and Managing Director, Welspun Living Limited.

By emphasising on training, education and sensitisation in three major cotton-growing states — Gujarat, Maharashtra, and Telangana — WLL enhances farmers' livelihood and standard of living through systematic sustainable development, she said.

Over 26,000 farmers across 390-plus villages have benefitted from the 2.5 lakh acres project, sponsored by the Welspun Foundation for Health and Knowledge. About 2,500 women farmers are part of this project, which has improved the lives of one lakh farm workers.

13% higher yield

Closely aligned with the United Nations' Sustainable Development Goal, the WLL's ESG (environmental, social and governance) initiative has resulted in farmers getting 13 per cent higher yield, while cutting production costs by 10 per cent. Of this, fertilizer costs have declined by 14 per cent, their use by 13 per cent, water offtake has declined 11 per cent and pesticide costs have dipped by 19 per cent.

Through Wel-Krishi, the company guides farmers to access government schemes and provides support in the terms of artificial intelligence (AI)-enabled technology. AI comes into play to ensure quality of seeds, weather forecast and soil quality, Goenka said.

WLL has partnered with the Wadhwanis for the use of AI and machine learning (ML). "Actually AI helps the farmers to ensure the quality of seeds and inform the quality of soil that they're working on. Everything is actually interlinked, offering crop solutions and impacting them directly," the company CEO and MD said.

Welspun is into a whole blockchain initiative where the cotton can be traced back to the farm where it is grown. The company ensures that the project complements the needs of farmers, who get the minimum support price for the natural fibre. If there are no buyers for the cotton, then WLL buys it from them if farmers are willing to sell.

Better cotton initiative

"But if they are getting a better price, they can sell it to anybody," she said.

WLL has joined hands with Better Cotton Initiative (BCI), a non-profit organisation which promotes better standards and practices in cotton farming, to create a self-sufficient ecosystem for the growers as part of Wel-Krishi.

Apart from BCI, the company is partnering with the Ministry of Agriculture and Farmers' Welfare for accreditations and validations along with other textile certifications such as Control Union, Global Organic Textile Standard and Life Cycle Assessment.

Welspun has come up with zero freshwater initiatives, including sewage treatment plans and rainwater harvesting, to not only conserve water resources but also provide access to clean water to the local communities. The initiative has been launched in Kutch, Gujarat, where the people are provided with potable water.

Aligned to green targets

WLL pays royalty to the communities to make use of the sewage water and reprocess it to ensure not a single drop of fresh water is used at its production facilities. "To sum it up, the communities get water for drinking, farmers get water for irrigation and we don't use a drop of fresh water here," Goenka said.

Parallely, the company has developed a 2,300-acre green patch in Anjar, Kutch, that looks like a "mirage in a desert" but has been created wholly through recycling.

Stating that WLL, a $3.5 billion company with 20,000 employees, is completely aligned to India's green targets such as renewable capacity of 500 gigawatts by 2030, the company's CEO and MD said there has been a 19 per cent overall reduction in green house gas (GHG) emissions between FY22 and FY23. "We already invested in a 30 megawatt solar plant in Anjar, which got commissioned in March 2024. By 2027, we want to be 100 per cent green for WWL, including biofuel," she said.

Tracking emissions

The company's Telangana plant uses rice husk as biofuels for the boilers. For Anjar, it is looking at using sawdust. "We are converting our food waste into biogas and reducing fossil fuel consumption. We use STP and ETP waste sludge as a source of fuel to reduce coal burning and the GHG footprint. This also gets measured by our AI industry 4.0," Goenka said

WLL is tracking its emissions and out of the total 15 categories of emissions, it tracked eight categories last fiscal. This fiscal, it will track 13 categories.

Welspun, which has units in Vapi and Anjar, both in Gujarat, and in Telangana, also "upcycles" the rags it generates from its textile units. "At least two tonnes of rags that we generate every month finds its way into upcycling. We upcycle it to make cushions and rugs out of pit looms. It has a multifold purpose. It also empowers women," she said.

Textiles are only a part of WLL, which is also into pipes for oil, gas and freshwater. The company, which bought Syntex for water tanks, is into infrastructure as well building roads, highways and warehouses.

Source: thehindubusinessline.com– Apr 22, 2024

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Upgraded National Career Service portal to give job market a fillip

The Centre plans to upgrade the nine-year-old National Career Service (NCS) portal to link millions of youths with prospective employers in a bid to prepare a future-ready workforce, two government officials said.

The ministry of labour and employment, which is working on the upgraded version of the portal — NCS 2.0 — plans to leverage artificial intelligence (AI) and machine learning (ML) to make it more efficient.

The launch may take six-nine months, one of the officials cited above told Business Standard.

Apart from that, the upgraded version of NCS will have micro sites for states and districts.

"This will help in building a network starting from the district to the state and the country. As a result, the data will be centralised and on a single portal. It will help jobseekers connected with local jobs and the kind of skill sets in demand," the second official said.

The portal brings together job seekers, employers, career counsellors, placement organisations and government departments on a single digital platform.

Currently, NCS is integrated with more than 50 portals, including Udyam for micro, small and medium industries (MSMEs), Employees' Provident Fund Organisation (EPFO), Employees' State Insurance Corporation (ESIC), E-Shram and private job portals, such as TeamLease and Monster.com, among others.

That apart, 22 states' job portals are integrated with NCS and seven states are directly using it.

"The revamped version of the portal is expected to be efficient in terms of job matching since it will be driven by AI. The RFP (request for proposal) for NCS 2.0 has been floated," the official said.

During the financial year 2023-24 (FY24), more than 10 million vacancies were mobilised on NCS, up from almost 3.5 million during the previous financial year. As many as 1.6 million employers were available on the portal in FY24.

“The surge in job vacancies underscores the resilience of the economy and it’s a gradual recovery from the challenges posed by the global pandemic. As industries adapt to new norms and embrace digital transformation, diverse opportunities are emerging across sectors. These range from technology and healthcare to manufacturing and hospitality,” said the NCS newsletter for March.

Rituparna Chakraborty, co-founder, Teamlease Services, said the NCS portal saw a warm reception among recruiters a decade ago. However, with changing times and technology, NCS quite lost the plot.

“At a time when technologies such as AI and ML made great inroads in the field of recruitment, NCS portal quite lost the plot as it did not undergo any major revamp. It's a welcome step that the government is now looking to upgrade the portal,” Chakraborty said.

“Recruitment is quite a dynamic process and the portal needs to keep pace with these changes for recruiters to keep using it,” she added.

Source: business-standard.com– Apr 23, 2024

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