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INTERNATIONAL NEWS

UK manufacturing sector sees improved sentiment in April: CBI

The UK's manufacturing sector has shown signs of recovery in April with improved business sentiment and strengthened output expectations for the next three months, the strongest since October 2023, according to the latest quarterly Industrial Trends Survey by the Confederation of British Industry (CBI).

Output volumes were stable in the three months to April after experiencing significant declines in the first quarter of 2024. Looking ahead, manufacturers are optimistic, expecting output to rise in the coming quarter, as per the survey.

The survey highlights that average cost growth remained high by historical standards and is anticipated to continue its strong pace into the next quarter. Both domestic and export price inflation are expected to see slight increases.

A positive shift in investment intentions was noted, with manufacturers planning to stabilise investments, marking a significant improvement from January when intentions hit a three-year low. Furthermore, investment in product and process innovation is projected to increase, showing the strongest sentiment since early 2022.

The business sentiment index improved to a balance of 9 per cent in April, up from minus 3 per cent in January. Export optimism also grew moderately. New orders declined at a slower rate in April, and growth is expected to resume in the upcoming quarter.

Despite the upbeat outlook, certain challenges persist. The main barriers to investment cited were demand uncertainty, inadequate net returns, and labour shortages, although concerns about the cost of financing have decreased significantly from recent highs.

Source: fibre2fashion.com– Apr 26, 2024

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Chinese delegation keen to set up integrated textile city in Egypt

A delegation from the Chinese Council for Textiles and Readymade Garments that recently visited Cairo expressed interest in setting up an integrated textile city in Egypt.

The interest was conveyed during a meeting with Hossam Heiba, chief executive officer of Egypt's General Authority for Investment and Free Zones (GAFI).

The proposed $300-million textile city would cover all stages of the industry.

Heiba emphasised Egypt's commitment to attracting more Chinese companies, particularly in the textile sector, acknowledging the sector's importance for economic growth and development, according to Egyptian media reports.

He showcased potential sites like Damietta, Sadat and New Alamein, where the government plans to establish new free and industrial zones to encourage direct foreign investment.

Source: fibre2fashion.com– Apr 26, 2024

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US announces first-ever national goal of zero-emissions freight sector

The US administration yesterday announced a first-ever national goal to transition to a zero-emissions freight sector for truck, rail, aviation and marine, along with a commitment to develop a national zero-emissions freight strategy.

This strategy includes new federal investments announced yesterday, continued engagement with stakeholders on zero-emissions freight infrastructure and forthcoming action plans on each of the freight segments, a White House fact sheet said.

The strategy will prioritise actions to address air pollution hot spots and tackle the climate crisis, mobilising a broad range of government resources, and reflect public participation and meaningful community engagement.

The new commitment aligns with and supports President Joe Biden's existing goals for a carbon pollution-free energy sector by 2035 and for achieving net-zero emissions from the transportation sector by 2050, the fact sheet noted.

The administration also unveiled several key steps under the strategy, including major new funding programmes, a new initiative to track and accelerate deployment of charging and refuelling infrastructure, and another programme to standardise heavy-duty vehicle charging depots.

As part of this commitment, the Environmental Protection Agency (EPA) announced a nearly $1-billion funding opportunity for cities, states and tribes through President Biden's Inflation Reduction Act to replace Class 6 and Class 7 heavy duty vehicles—which include school buses, trash trucks and delivery trucks—with zero-emissions vehicles.

The department of transportation announced the first tranche of its $400-million Reduction of Truck Emissions at Port Facilities Grant Programme to improve air quality and reduce pollution for truck drivers, port workers and families that live in communities surrounding ports.

The department of energy also announced a $72-million investment to establish a ‘SuperTruck: Charged’ programme that will demonstrate how vehicle-grid integration enables depots and truck stops to provide affordable, reliable charging while increasing grid resiliency.

The government organised a roundtable at the White House yesterday of stakeholders from commercial truck fleets, ports, vehicle manufacturers, state and local governments, utilities, infrastructure providers, climate and environmental justice organisations to discuss supercharging the buildout of the infrastructure necessary to make a zero-emissions freight ecosystem a reality in the country.

Source: fibre2fashion.com– Apr 25, 2024

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US cotton exports rise with significant gains in China & Vietnam: USDA

US cotton net export sales of Upland, totalling 177,100 RB (running bales, each weighing 226.8 kg or 500 pounds) for 2023-24, were up 21 per cent from the previous week and 73 per cent higher than the prior four-week average.

According to the export sales report from the US Department of Agriculture for the week ending April 18, cotton export sales increased primarily for China (94,700 RB, including decreases of 500 RB), Pakistan (26,800 RB, including decreases of 100 RB), Vietnam (14,200 RB, including 100 RB switched from Japan and decreases of 1,000 RB), Turkiye (9,700 RB), and Taiwan (5,500 RB).

Net sales of 65,700 RB for 2024-25 were primarily for China (22,000 RB), Honduras (12,100 RB), Turkiye (11,000 RB), Mexico (10,000 RB), and Guatemala (4,900 RB). Exports of 261,700 RB were down 2 per cent from the previous week and 18 per cent from the prior four-week average. The destinations were primarily China (99,800 RB), Pakistan (39,100 RB), Turkiye (27,000 RB), Vietnam (24,900 RB), and Bangladesh (24,600 RB).

Net sales of Pima, totalling 12,500 RB for 2023-24, were up noticeably from the previous week and 94 per cent higher than the prior four-week average. Increases were primarily for Vietnam (5,200 RB), China (4,500 RB), India (2,300 RB, including decreases of 300 RB), Guatemala (200 RB), and Germany (100 RB).

Exports of 10,100 RB were up 73 per cent from the previous week and 29 per cent from the prior four-week average. The destinations were primarily to China (3,800 RB), India (3,700 RB), Peru (1,300 RB), Turkiye (800 RB), and Pakistan (400 RB).

Source: fibre2fashion.com– Apr 25, 2024

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The Red Sea's Other Knock-On Effect: Congestion Swamps Western Mediterranean Ports

The mass diversions of container ships away from the Red Sea has resulted in another potential supply chain bottleneck, with storage yard capacity drying up at ports in the western Mediterranean Sea, potentially leading to more delays or product shortages for European retailers.

Ports in the region are nearing full capacity as vessels that opted to sail around Africa are unloading more cargo at gateways in Barcelona and Algeciras in Spain and Tanger-Med in Morocco.

According to a market update from Maersk, the logistics giant is continuing to monitor storage yard density levels across the various western Mediterranean hubs, especially in Barcelona, Tangier and Algeciras.

"Due to a congested line-up and increased waiting times at the Port of Barcelona, yard density has increased and customers are kindly asked to pick up both their import units and empty containers as early as possible," the container shipping titan said. "In Algeciras and Tangier, adverse weather conditions and flow delays have contributed to a similar outcome."

Maersk said it was working on improving the density levels by optimizing connections and reducing transshipment moves, which should clear out space over the next few weeks.

The ports in question have seen an influx of new cargo since the Houthi attacks in the Red Sea began. Barcelona recorded a 17 percent rise in total 20-foot equivalent container units (TEUs) handled in February compared with the same month last year. Algeciras reported a 10 percent year-over-year jump in metric tons of cargo across both January and February.

Tanger-Med has not published traffic statistics this year.

Kuehne+Nagel's Seaexplorer Analytics identified the three ports as having "slightly disrupted operations," noting that the seven-day average vessel waiting time at Barcelona increased to around two days due to increased cargo flow, lowered productivity, IT issues and bad weather.

Alonso Luque, CEO of TTI Algeciras, one of two container terminals at the Spanish port, told the Financial Times that their facility was "quite full" and warned that "capacity is very limited." They told the publication that the terminal was restricting the amount of cargo it was accepting to avoid severe congestion. According to Seaexplorer Analytics, the yard occupancy is "currently manageable."

Nabil Boumezzough, president of the management board of Tangier Alliance, which operates the TC3 container terminal in Morocco, told FT the terminal's yard is nearly full.

While vessel wait times have lasted one day on average over the past week, as per Seaexplorer, CMA CGM reports waiting times of over a week for a berth at TC3.

Two more ports in Algeria are experiencing congestion, the Kuehne+Nagel data tracker says. While the seven-day average vessel waiting time in Algiers is roughly three days, these waiting times are nearly double for ships stopping at Oran, at 5.6 days.

After dropping off containers at the ports, short-distance "feeder" services ferry goods to other southern European transshipment terminals, which have seen fewer full vessel calls since the start of the Houthi attacks stonewalled traffic through the Red Sea.

For example, one such transshipment hub in Piraeus, Greece saw throughput fall 12.7 percent year over year in January 2024, according to Drewry. Additionally, Lloyd's List Intelligence data shows Gioia Tauro vessel calls were down by almost one-fifth since October, while the number of vessels calling Piraeus declined 8 percent.

Since December, 653 vessels have been rerouted around the Cape of Good Hope to avoid the Red Sea, according to data from supply chain visibility platform Project44.

This has resulted in a dearth of traffic throughout the Suez Canal, which connects Red Sea ships to the Mediterranean Sea.

Shipping traffic through the Suez Canal has plummeted by 66 percent since mass diversions began in mid-December, according to the U.K.'s Office for National Statistics (ONS).

To put the dip in perspective, when the Ever Given got stuck in the canal in March 2021 and halted passage for six days, that month still saw 250 percent more container vessel traffic than March 2024, Project44 said. However, last month did see an 8.5 percent increase in vessel traffic compared to February.

Despite the ongoing congestion, schedule reliability across both Asia-to-Europe trade lanes covering the Mediterranean Sea and North Europe saw significant improvements from just a month prior, signaling that there haven't been hiccups in getting to the ports.

According to Seaexplorer, the Asia-to-Mediterranean/Black Sea route had the largest upswing among 11 trade lanes observed, with schedule reliability improving by 11.8 percentage points in March to 41.3 percent. Similarly, on-time performance for Asia to North Europe gained 11.5 percentage points, reaching 46.7 percent in March.

Reliability is still an issue for cargo exiting Mediterranean ports, with the Mediterranean/Black Sea-to-North America route the lowest at a 32.4 percent on-time rate. In the same origin to North Europe, schedule reliability is just 33.6 percent.

Source: fibre2fashion.com– Apr 25, 2024

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Home Textile Exports: A revival story across India, Pakistan & Bangladesh

The home textile industry, once a bright spot in global exports, faced a slump for over a year. However, there are signs of revival, and three South Asian countries – India, Pakistan, and Bangladesh – are vying for lead in this resurgent market.

Growth Champions: Bangladesh takes the lead

While all three countries experienced a decline in 2022-23, Bangladesh stands out for its export growth. Pakistan saw a modest increase of 2.17 per cent in 2022 reaching $5.64 billion, while India's exports dipped by 9.88 per cent. Notably, Bangladesh's exports rebound the fastest, with a 9.9 per cent YoY increase in February 2024 compared to the previous year. This can be attributed to several factors, including:

Cost-competitiveness: Bangladesh boasts lower labor costs compared to India and Pakistan, making them attractive to budget-conscious buyers.

Government support: The Bangladeshi government actively promotes the textile industry through various incentives and schemes.

Focus on diversification: Bangladesh is actively expanding its product portfolio beyond basic items, catering to a wider range of consumer preferences.
Shifting market dynamics

The Russia-Ukraine war significantly impacted traditional strongholds like the EU and US. However, other markets are emerging as bright spots.

US, despite the overall decline, the US remains a significant market for all three countries. However, growth rate might be slower compared to other regions. Southeast Asia and the Middle East are presenting promising opportunities due to their growing disposable incomes and rising demand for home goods.

Product prowess

There is strong competition between these three countries but each has its strength in terms of products.

India excels in premium bed linen due to its expertise in fine cotton and intricate craftsmanship. While Pakistan is a leader in furnishing & upholstery segment, known for its high-quality fabrics and diverse designs. Both Pakistan and Bangladesh are strong contenders in towels, offering a range of options at competitive prices. As for other articles Bangladesh is making strides in diversifying its offerings, including kitchen textiles and bathroom essentials.

An optimistic yet cautious future

The global home textile market is expected to rebound in coming years. Factors like rising disposable incomes and increasing urbanization in developing countries will drive demand. However, certain key factors will remain top focus.
Sustainability: Eco-friendly and ethically sourced products will gain traction, which could benefit Bangladesh with its initiatives in this area.

Innovation &design: Continuous product innovation and trendy designs will be crucial for staying ahead in the competitive landscape.

Technological advancements: Embracing automation and digital tools can enhance efficiency and productivity for all three countries.

Indeed, the home textile industry revival bodes well for India, Pakistan, and Bangladesh. By capitalizing on their strengths, adapting to market trends, and focusing on innovation, these countries can solidify their positions as leading global players in the years to come.

Source: fashionatingworld.com– Apr 25, 2024

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Sri Lanka & Bangladesh look east

Earlier this month, a senior government official in Sri Lanka stated that their application for membership to the RCEP (Regional Comprehensive Economic Partnership) was awaiting approval and that they were in discussion with the RCEP members as they evolved an accession mechanism for new members.

Sri Lanka had formally conveyed its intent to join the 15-member mega-regional trade agreement in 2023. In addition, Sri Lanka signed a free-trade agreement (FTA) with Thailand in February this year. Clearly, the island economy is working on a growth strategy that emphasises outward orientation and integration with the East Asian regional/global value chain (RVC/GVC) hub.

This is a commendable policy response from an economy that is yet in the midst of economic recovery. It is also simultaneously revealing of a realisation, by Sri Lanka, of the imperatives for export diversification, given that their recent external debt crisis was partly due to the foreign exchange reserves being constrained by an extremely narrow range of exports in goods and services. These include apparel and textiles, primary commodities like tea and rubber, and in services, mainly tourism.

In addition, Sri Lanka has been plagued by decreasing labour productivity, an ageing labour force, and increased out-migration of its declining young, working-age population. Backward integration with RVCs, which is invariably labour-intensive and promotes manufacturing specialisation and competitiveness, would therefore imply positive outcomes for both the labour force and industrial development in the country.

Another noteworthy aspect is Sri Lanka's willingness to participate in deeper FTAs. While the RCEP includes World Trade Organization plus regulatory provisions in many areas, the coverage in the bilateral FTA with Thailand also extends to customs procedures, investment, and intellectual property rights in addition to substantial tariff liberalisation for both countries over a period of 15 years. These provisions, through their "lock-in" effect, will help push structural and regulatory policy reforms in Sri Lanka, thereby making it more attractive for investment by multinationals. The RCEP, in addition, offers common and cumulative rules of origin that are facilitative of GVC integration and will help Sri Lanka attract export-oriented foreign investment.

In addition, Thailand brings to Sri Lanka the advantage of linkages with the Eastern Economic Corridor (EEC). The EEC, which is a Special Economic Zone (SEZ), is aimed at developing Thailand's manufacturing capabilities in the high-tech sector and enabling an extension of trade and investment opportunities through RVCs and connectivity projects to the neighbouring Association of Southeast Asian Nations (Asean) and Asian economies. Linkages between Port City Colombo, also an SEZ, and the EEC to establish trade and logistics routes are already being explored.

In this context, it is worth noting that Thailand, over the past couple of years, has been among the largest recipients in Asean of Chinese and Japanese investment, with the former particularly focused on the electric vehicle segment. Other Asean economies, like Malaysia, have also expressed a keen interest in facilitating their large corporations' investment in Sri Lanka as well as offered support to Sri Lanka's application to the RCEP. The FTA policy can, therefore, potentially help Sri Lanka consolidate its as yet fragile economic recovery.

Beyond potential benefits, Sri Lanka's participation in the RCEP signals an important shift in the trade landscape in South Asia. Bangladesh too has indicated its interest in becoming a member of the mega-regional trade agreement. Smaller, regional economies are thus actively looking for alternative trade agreements and arrangements beyond South Asia.

While it is well established that "persistent" and "anticipated" conflict has constrained both the South Asian Preferential Trade Arrangement (SAPTA) and the South Asian Free Trade Area (SAFTA) in promoting intra-regional trade in the region, thus far the bilateral trade treaties and agreements with India have provided positive alternatives in the smaller economies' export strategy. These include the India-Sri Lanka FTA as also the long-standing, historical trade treaties with Bhutan and Nepal that have functioned like de facto FTAs.

In addition, in 2008, India unilaterally offered the least developed countries (LDCs), including in South Asia, a Duty-Free and Tariff Preference scheme covering over 90 per cent of their total exports. Together these arrangements have given all South Asian economies, except Pakistan, preferential access to the Indian market.

However, after the pandemic and following the Ukraine crisis, smaller economies are realising that mere LDC preferential market access may not anymore be sufficient to secure for them manufacturing diversification

and, hence, a long-term growth path for their economies. Bangladesh, which has also faced external sector vulnerabilities during this period, is scheduled to graduate out of its LDC status in 2026. They, therefore, recognise the necessity for infusing dynamism into their comparative advantage beyond the single sector focus, which has thus far been the source of their exports and economic growth.

Furthermore, their traditional export markets, predominantly the European Union and United States, registered a slowdown in the recent past and are expected to recover at a slow to modest rate. East Asia, in contrast, has maintained its economic dynamism and is projected to continue to contribute strongly to global trade growth in the immediate and near future.

COMPARATIVE SHARES OF INDIA AND CHINA

	Import share (%)		Export share (%)	
	2012	2022	2012	2022
Bangladesh	13.77	15.98	2.34	3.64
	17.83	24.45	1.41	1.21
Sri Lanka	22.25	22.33	5.68	6.85
	6.15	23.67	1.06	2.11

Notes: Figures in black are for India and in red are for China
Source: ADB, integration indicators

The other potentially significant implication of smaller South Asian economies looking eastward through bilateral and mega-regional trade agreements is the likely perpetuation of an evolving trend, that is, an increasing share of China in their global trade. Accounting for almost a quarter of their imports from the world, China already has a significantly higher share in the imports of both Bangladesh and Sri Lanka than India does.

China's share in Sri Lanka's imports has increased by almost four times over the last decade while India's has been almost stagnant. In the case of Bangladesh, even though India's share in its imports increased in the last decade, it remains significantly lower than that of China (see table). As for exports, though India's share is higher than China's for both Bangladesh and Sri Lanka, their integration with the East Asian RVCs may well alter this trend in favour of China. Hence, the shifting sands of the South Asian trade landscape may be worthy of some serious reflection for India's regional trade strategy.

Source: business-standard.com– Apr 24, 2024

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Netherlands solidifies position as key EU trade hub in 2023

In 2023, the Netherlands affirmed its status as a pivotal trading entity within the European Union (EU), securing its position as the second-largest importer and exporter of goods in the EU, following Germany, according to data from Statistics Netherlands (CBS). The Netherlands not only plays a crucial role in the distribution of goods from outside the EU to other member states but also stands as the main trading partner for both Belgium and Germany.

The total import value for the Netherlands reached €780 billion in 2023, closely following Germany, which led with imports totalling €1,353 billion. Notably, the Netherlands imported nearly as much from non-EU countries (€458 billion) as Germany (€472 billion), with 59 per cent of Dutch goods sourced from outside the EU, a figure only surpassed by Ireland's 61 per cent.

Germany's import patterns contrast significantly, with just 35 per cent of its goods coming from non-EU countries, focusing more on intra-EU trade. In contrast, the Netherlands and Ireland tend to import more from global markets, with the Netherlands focusing on China and Ireland on the US and the UK, as per CBS.

On the export front, the Netherlands also recorded impressive figures, with exports valued at €866 billion in 2023, making it the EU's second-largest exporter after Germany, which boasted exports worth €1,562 billion. The Dutch export market is heavily oriented towards the EU, with 70 per cent directed towards EU nations, predominantly as transit trade or re-exports. In comparison, Dutch exports to China and the US are relatively modest, at 3 per cent and 5 per cent respectively, compared to Germany's 6 per cent and 10 per cent.

The trading dynamics within the EU have seen significant shifts over the decades. In 2003, the Netherlands was not the most important trading partner for any other EU country, a stark contrast to 2023 where it leads as the primary partner for both Germany and Belgium. Historically, Germany and Belgium traded most extensively with each other, and Germany with France. Today, the Netherlands' main import partner has shifted to China, while Germany predominantly exports to the US.

Germany remains a dominant force within the EU, serving as the most important trading partner for 13 member states due to its economic significance, strategic location, and extensive land borders. Meanwhile, Italy has emerged as the main trading partner for three EU countries, namely Malta, Croatia, and Greece.

Source: fibre2fashion.com– Apr 25, 2024

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USTR identifies Bangladesh among top-five counterfeit product suppliers

The United States Trade Representative (USTR) said Bangladesh is one of the top five sources for counterfeit clothing globally, which stakeholders have identified as a concern this year.

In its 2024 Special 301 Report on Intellectual Property Protection and Enforcement released yesterday, the USTR identified several countries which supply counterfeit products, violating intellectual property rights.

According to a study by the Organisation for Economic Co-operation and Development (OECD) and European Union Intellectual Property Office (EUIPO) released in 2021, the global trade of counterfeit and pirated goods reached $464 billion in 2019.

China (together with Hong Kong) continues to be the largest origin economy for counterfeit and pirated goods, accounting for more than 85 percent of global seizures of counterfeit goods from 2017 to 2019.

Stakeholders also continue to report dissatisfaction with border enforcement in Singapore, including concerns about the lack of coordination between Singapore's customs authorities and the Singapore Police Force's Intellectual Property Rights Branch.

Delays in obtaining registrations present a significant obstacle for protecting IP rights in foreign markets, with stakeholders identifying Bangladesh, Iraq and South Africa as countries with extreme delays in processing trademark applications.

A number of countries do not consider a likelihood of confusion with previously filed applications and registrations during examination, otherwise known as "relative grounds" refusals.

In FY 2023, the Homeland Security Investigations (HSI)-led National Intellectual Property Rights Coordination Center (IPR Center) conducted Intellectual Property Rights Investigative Methods Training programmes in Indonesia, Namibia, and Nepal.

These programmes included representatives from Namibia, South Africa, Botswana, Zambia, Malawi, Indonesia, India, Nepal, Bangladesh, the Maldives, and Sri Lanka and were supported by US Customs and Border Protection (CBP), United States Patent and Trademark Office (USPTO), the Department of Justice (DOJ), International Computer Hacking and Intellectual Property Advisors (ICHIPs), and other US federal agencies.

Regarding the report, Mohammad Hatem, executive president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said Bangladesh has a stringent intellectual property law.

He added that they had already suggested the USTR a few years ago to complain against specific companies that supply counterfeit products so the government can take action.

A few years ago, the American Apparel and Footwear Association (AAFA) complained to the USTR about counterfeit products supplied by Bangladesh to the US market.

But at the same time, the AAFA also suggested the USTR to not take any measures against Bangladesh as long as the country belongs to the group of least developed countries (LDCs), Hatem said.

The Special 301 Report is the result of an annual review of the state of intellectual property (IP) protection and enforcement in US trading partners around the world, which the office of the USTR conducts pursuant to Section 182 of the Trade Act of 1974.

Source: thedailystar.net– Apr 26, 2024

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Bangladesh struggles to seize a share of the global apparel market in 2024

Facing stiff competition from China, Bangladesh struggled to seize a larger portion of the expanding global apparel market in 2024.

As per a report by Quality Inspection Management (QIMA), China bagged maximum export orders during the first quarter of the year despite a 20 per cent increase in demand for textile and apparel inspections and audits from garment manufacturing countries like Bangladesh.

Though both the US and EU-based companies increased procurement from Bangladesh during the year, the government's policy shift to reduce cash incentives for garment exports led a rise in China's popularity among apparel brands.

Industry insiders like Fazlul Hoque, former President, BKMEA, also cited increasing production costs and aggressive pricing strategies by competitors as factors contributing to Bangladesh's loss of competitiveness in the global market.

Meanwhile, China witnessed a rebound in demand from Western markets, with US-based buyers showing a 12 per cent Y-o-Y growth in inspections and audits, and European brands experiencing even faster growth rates. Other regions, including Asia, Latin America, and South America, also displayed significant interest in China's manufacturing capabilities.

Recent data from the US Department of Commerce's Office of Textiles and Apparel (OTEXA) and Eurostat highlights Bangladesh's declining apparel exports compared to its counterparts. In Jan-Feb'24, Bangladesh experienced a significant drop in exports to both the US and the EU, while China and Vietnam managed to maintain or slightly increase their export volumes during the same period.

These challenges underscored the need for Bangladesh to address rising production costs and enhance competitiveness to reclaim its position in the global apparel market.

Source: fashionatingworld.com– Apr 25, 2024

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Pakistan: rPSF – the need for policy reform to enhance textile sustainability

In recent years, sustainable development has garnered significant attention across various industries. Among these sectors, the textile industry has notably advanced in adopting eco-friendly practices predominantly guided by large companies promoting their persona of eco-friendly business models.

One of the key focus areas includes the use of recycled or alternative man-made fibers (MMFs) such as the recycled polyester staple fiber (rPSF) to reduce the heavy reliance on virgin materials and associated environmental pollution. Currently, man-made fibers make up 72% of global textile fiber consumption, and the demand for polyester in the global market is expected to grow at Compound Annual Growth Rate of 4.95% (USD 29 billion) by end of CY27.

Polyester staple fiber (PSF), also produced as recycled PSF (rPSF), is one of the most used fibers in the used clothing textile industry and has emerged as a champion of eco-friendly fashion due to its natural characteristics and environmental advantages. PSF is a synthetic fiber manufactured directly from Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) or Polyethylene Terephthalate (PET Chips). In contrast, rPSF is produced from recycled PET chips, polyester waste, or post-consumer PET bottle flakes. The recyclability that associates rPSF with resource and energy efficiency, circular economy and waste reduction makes it a more environmentally friendly option for textile manufacturing compared to virgin PSF.

Characteristics and Opportunities of rPSF

The distinctive natural properties and environmental benefits of rPSF have proven to be game-changers, attracting more environmentally mindful consumers and supporting textile businesses that aim for a greener future. In addition to its lower economic costs, rPSF closely resembles cotton yarn in properties and appearance. Its longer durability and key properties such as flexibility, high toughness, heat resistance, stain resistance, wrinkle resistance, and versatility are driving factors behind the growth of rPSF in the global market.

rPSF provides numerous environmental benefits and environmental compliance opportunities to manufacturers, aligning their supply chains with globally emerging sustainability and environmental regulations.

Circular Economy: The textile industry has traditionally followed linear business models, characterized by the unsustainable extraction of virgin raw materials and excessive land-filling of post-consumer textile waste. However, the use of rPSF in textiles can change the paradigm, promoting a circular economy.

rPSF is produced by upcycling and reusing post-consumer plastic waste materials, offering a sustainable alternative to traditional production methods. Incorporating recycled materials into production processes through diverting plastic waste such as PET bottles from the ecosystem not only extends the use of thrown plastics but also enhances responsible and sustainable production practices.

Energy and Resource Efficiency: rPSF reduces the overall environmental footprint of textile products as the manufacturing includes recycling of post-consumer plastic waste and other recycled polyester products, thereby requiring less use of energy and virgin raw materials in the supply chain.

Water Stewardship: Water inefficiency is a major environmental concern in the textile industry, with the production of water-intensive fibers being a key contributing factor. rPSF, on the other hand, requires less water for its production processes compared to production of virgin raw materials.

Climate Change Mitigation: The production of rPSF typically requires less energy compared to virgin polyester production, which helps reduce greenhouse gas emissions associated with energy consumption. By upcycling post-consumer plastic waste into rPSF, the need for new petroleum-based raw materials is reduced, further decreasing carbon emissions from extraction and refining processes.

Meeting Consumer Demand: Consumers are becoming more aware of the environmental impacts of the products they buy, including textiles, and are increasingly seeking out sustainable and eco-friendly options. This has led the initiation of transformative strategies, such as the EU Green Deal, to promote sustainable growth and climate resilience.

The EU Strategy for Sustainable and Circular Textiles in the EU Green Deal mandates measures to improve the durability, reusability, and recyclability of textiles, as well as to enhance consumer awareness and promote sustainable consumption patterns. The strategy aims to make textiles more sustainable throughout their lifecycle through promoting circularity, reducing their environmental and climate impacts, and improving the industry's competitiveness and innovation. Thus, rPSF holds a significant potential in helping textile manufacturers comply with this strategy as it promotes resource efficiency, waste reduction, circularity and product durability.

Similarly, Carbon Border Adjustment Mechanism (CBAM) is another key element of EU's efforts to address carbon leakage and support climate resilience. Once CBAM is effective, the only textile products that will enter EU markets will be those with minimum or no embedded emissions in their supply chains. Therefore, textiles with lower carbon emissions such as those made with rPSF will be more competitive in the EU market under CBAM.

Challenges

There are several challenges and risks associated with the use of rPSF in the textile industry. One of the major environmental concerns is the release of microplastics into the natural ecosystem. This challenge is intrinsically tied to rPSF, as microplastics/microfibers are released during manufacturing as well as laundering of products made with rPSF. This poses a challenge to comply with the international traceability requirements, as traceability requires data inputs of environmental performance of products.

Secondly, Pakistan has limited recycling infrastructure which is compounded by a broken and informal system of plastic waste collection. Pakistan has a largest network of waste pickers who play a crucial role in collecting plastic waste from around the cities.

However, these waste pickers are part of the informal economy and are not integrated to a formal system of waste collection. This leaves tons of plastic waste collected by these informal waste pickers unmonitored, most of which ends up in the landfills or burning sites, ultimately leaking to the ecosystems.

Current Policy Landscape: In Pakistan, there is a 5% import duty on Purified Terephthalic Acid (PTA), a key raw material used in the production of polyester and resultantly a 7% cascading duty on rPSF. rPSF is also subject to additional anti-dumping duties of up to 12%. These duties were hiked from 4% and 6% to 5% and 7%, respectively, in June 2016 to afford protection to domestic manufacturers of PTA and rPSF.

Pakistan's sole PTA manufacturing facility, however, is based on 30-year-old technology that has become obsolete and is outperformed by newer, more productive facilities in China and India, resulting in significantly higher prices compared to those prevailing internationally.

The disparity between domestically and internationally manufactured inputs eliminates both the domestic and international competitiveness of domestically manufactured MMF. This is supplemented by the absence of fully developed rules for duty-drawbacks on rPSF which prevents exporters from using imported rPSF for export manufacturing. Together, these factors have hindered the development of an MMF manufacturing culture and capacity in Pakistan.

What needs to be done

Pakistan's textile industry, at present, is battling with environmental challenges. Water pollution is a significant concern due to the sector's heavy use of water in processes like dyeing and finishing. The discharge of untreated or inadequately treated wastewater into water bodies has serious environmental implications. Energy consumption is another issue, with the sector being one of the largest consumers of energy in the country. This not only contributes to greenhouse gas emissions but also adds to the sector's operational costs.

Ensuring environmental compliance in response to the increasing sustainability demands of global buyers is crucial for the survival of Pakistan's textile industry. Achieving this requires Pakistan to review its current policies, including import and anti-dumping duties on rPSF, to support textile businesses in enhancing their environmental practices and thriving in competitive markets through expansion into MMF manufacturing.

By re-evaluating and ending import and anti-dumping duties on rPSF, Pakistan can potentially reduce the cost barriers that hinder the adoption of environmentally friendly practices and materials in the textile industry.

This would incentivize the use of sustainable alternatives such as rPSF, which can help reduce the industry's environmental impact.

Meeting global sustainability standards can open up new markets and increase demand for Pakistani textiles, enhancing the industry's long-term sustainability and resilience. India and Bangladesh - our regional competitors— have already introduced duty-free rPSF in their industry. If we do not take immediate action, we would lose the case for using rPSF to enhance market competitiveness.

The demand for rPSF from major textile exporting countries such as India and Bangladesh is rising. With textile sector becoming highly competitive and economically significant in the Asia-Pacific region due to growing global demand for textiles and apparels, these countries are boosting their sustainable textile manufacturing through rPSF application. In case of Pakistan, the demand for rPSF and its sustainable usage in the manufacturing industry is rising which regrettably is not fulfilled due to heavy import and anti-dumping duties.

This has caused over reliance on domestically generated cotton, which is already inadequately available majorly due to climate change-induced calamities. The raw material shortage compounded by climate impacts and heavy duties on rPSF has significantly made the supply chains unpredictable and unsustainable and Pakistan's textile industry uncompetitive.

Source: brecorder.com– Apr 26, 2024

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NATIONAL NEWS

Indian economy stands out with strong show: Finance Ministry

India's "promising economic performance" continues to be backed by resilient growth, robust economic activity indicators, price stability and steady external sector performance, the finance ministry said Thursday. However, geopolitical tensions such as those roiling West Asia, remain a concern although risk perceptions over them have softened, offering a potential upside for growth, the ministry said in its monthly economic report for March.

The global economic landscape is seeing a gradual resurgence, with fading fears of recession and rebounding growth in major economies, it said. But regional disparities in terms of the pace of growth still exist.

India continues to exhibit a robust economic performance, despite global uncertainties, due to factors such as strong domestic demand, robust investment and sustained manufacturing momentum, the ministry said.

"Despite the global challenges, India stands out with its strong economic performance, highlighting broad-based growth across sectors and asserting its pivotal role in supporting the global growth trajectory," said the report. India is the world's fastest-growing major economy.

Monsoon breather

The report said the forecast of above-normal rain in the June-September monsoon bodes well for a good harvest, easing inflation concerns. Food inflation, which has remained sticky, could moderate, as plentiful rain will likely lead to higher production, assuming good spatial and temporal distribution, it added.

Price pressure continued to abate in FY24 with retail inflation hitting 5.4%, the lowest since the pandemic and down from 6.7% in FY23.

The report also noted the record-breaking stock market performance in March, robust goods and services tax (GST) collections and substantial growth in the manufacturing and services sectors, reflecting a buoyant domestic economic landscape.

External sector

The report said slowing global trade, as suggested by the United Nations Conference on Trade and Development (UNCTAD), presents a challenge for economies worldwide. However, India's trade deficit will likely ease in the coming years as the production-linked incentive (PLI) schemes are extended to more sectors, the report said. It cited forecasts by the central bank and global agencies that reckon the country's current account deficit may have dropped below 1% in FY24.

Moreover, trade pacts like the India-EFTA Trade and Economic Partnership Agreement (TEPA) signed last month "signal India's commitment to expanding its global trade footprint," the report said.

The external debt-to-GDP ratio also eased, albeit marginally, to 18.7% at the end of December 2023 from 18.8% at the end of September 2023.

The share of short-term debt, with an original maturity of up to one year, in total external debt moderated to 19.5% at the end of December 2023 from 20.3% in the previous quarter.

Source: economictimes.com– Apr 26, 2024

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Comm min working on infra to achieve $1 tn exports by 2030: Official

The commerce ministry has initiated an exercise to identify required infrastructure needs, potential sectors, and clusters which would help the country achieve the $1 trillion merchandise exports target by 2030, a senior government official said on Thursday.

Additional Secretary in the Department of Commerce Anant Swarup said that the Asian Development Bank has been requested to conduct a study in this regard.

If the country is targeting $1 trillion of exports by 2030, there is a likelihood of about $1.5 trillion of imports, so "do we have enough capacity" to cater to $2.5 trillion of EXIM (export and import) trade, he said.

So that is the target on which the department is working, he said.

"The ADB is doing a study for us because what is more important is from where the $1 trillion of exports is going to come from; which are those sectors and clusters from where this $1 trillion of exports is going to come from. That is very critical for us.

"Because unless we know about the clusters, and ports or airports from where this $1 trillion of exports and $1.5 trillion of imports is going to happen, we would not be able to do a baseline study to identify the gaps which exist and then enhance our infrastructure capabilities," Swarup said.

He was speaking at a CII conference on resilient export logistics for trade and connectivity.

India's merchandise exports dipped by 3.11 per cent to $437 billion in 2023-24. Imports too dipped to $677.24 billion in the last fiscal.

He also said that the government is also focusing on ways to push India's integration into the global supply chains (GVCs) as at present about 70 per cent of the global trade is happening through these chains.

For this, there is a need to increase manufacturing.

He added that generally exports and imports move in tandem. China's exports stood at about $3.5 trillion and imports are at $3.2 trillion.

Speaking at the event, Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said that further infrastructure push is required at ports and airports to increase India's exports.

Saranagi said that to handle $2.5 trillion of exports and imports, India needs to create a lot of infrastructure.

As per rough calculations, "we need to create an infrastructure which will support an additional 2,000 million tonnes of goods movement in the ports.

"Similarly in the railways, we need to create an infrastructure which will allow railways to carry on an additional 338 million tonnes of goods by 2030. Airports also need to create an additional 5 million tonnes of facilities for movement of goods. So these are big challenges but not insurmountable challenges," he said.

He also said there is a huge potential to increase exports through e-commerce medium. Last year, the cross-border e-commerce trade was about $800 billion and is estimated to reach $2 trillion by 2030.

"We need to reorient our policies to facilitate an e-commerce ecosystem and have a larger pie in the e-commerce exports," Sarangi said, adding that China's e-commerce exports are about $350 billion, whereas India's shipments through online medium is only $2 billion.

Source: business-standard.com– Apr 25, 2024

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Govt seeks to push export infrastructure

The commerce ministry has embarked on an exercise to identify and estimate the investments required for the country's export infrastructure, after having set a target of $1 trillion merchandise export target by 2030, a senior official said Thursday.

The exercise is being carried out in collaboration with the Asian Development Bank (ADB) and will aim to identify areas, where augmentation of capacities will be required in railways, roads, ports and airports to enable movement of goods for exports.

"We need to create infrastructure which will support an additional 2,000 million tonnes of goods movement in the ports. Similarly in the railways, we need to create an infrastructure which will allow railways to carry on an additional 338 million tonnes of goods by 2030. Airports also need to create an additional 5 million tonnes of facilities for movement of goods. So these are big challenges but not insurmountable challenges," Director General of Foreign Trade Santosh Sarangi said.

When goods exports are expected to touch $1 trillion, imports would be around $1.5 trillion so capacity for movement of $2.5 trillion of goods have to be created. "That is the target on which the department is working," additional secretary in the department of commerce Anant Swarup said at CII's conference on Resilient Export Logistics for Trade and Connectivity.

The study will also identify where additional $560 billion of exports will come from – the sectors and clusters – in the next six years. In the last financial year India's merchandise exports were $437.06 billion and imports stood at $677.24 billion.

"Unless we know about the clusters, and ports or airports from where this $1 trillion of exports and $1.5 trillion of imports is going to happen, we would not be able to do a baseline study to identify the gaps which exist and then enhance our infrastructure capabilities," Swarup said.

He also said that the government is also focusing on ways to push India's integration into the global supply chains (GVCs) as at present about 70 per cent of the global trade is happening through these chains.

Saransi also said there is a huge potential to increase exports through e-commerce. Last year, the cross-border e-commerce trade was about $800 billion of which India has a share of just $2 billion. The government had earlier said that it is aiming for $200 billion of $1 trillion exports by 2030 to come from e-commerce. By 2030 global e-commerce exports are expected to reach $2 trillion. “We need to reorient our policies to facilitate an e-commerce ecosystem,” Sarangi said.

Source: financialexpress.com– Apr 26, 2024

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India plans cotton technology mission for improving quality as part of 100 days agenda

New Delhi: The Union textiles ministry is gearing up to launch a revamped Cotton Technology Mission aimed at improving the quality and output of India's "white gold" by adopting best practices that could position India as a prime destination for textile sourcing and foreign investment, two people aware of the matter said.

This mission is designed to reduce dependence on imports for this crucial raw material for fibre, and to increase the incomes of India's more than 6 million cotton farmers, they said.

Scheduled to span five years from 2024, the project's financial allocation and other policy frameworks will be finalized in the first 100 days of the new government, said one of the two people cited above.

India imports 500,000 bales of high-quality cotton, falling short of its required 900,000 bales. However, the government has set an ambitious target to significantly reduce these imports by 2030 through this proposed mission.

The ministry plans to conduct stakeholder consultations in the coming months. Given that a model code of conduct is in place, the government aims to utilize this period to finalize discussions and prepare a draft policy framework.

The textiles ministry will launch the revamped cotton technology mission in cooperation with Indian Council of Agricultural Research (ICAR), Cotton Association of India and different associations of ginners in the country.

Queries sent to spokespersons of the textiles ministry and ICAR remained unanswered till press time.

New tech focus

The policy will focus on introducing new technologies to reduce trash content, contamination levels, and enable real-time sample testing.

The proposed mission will focus on increasing cotton production by adopting best agricultural practices, using quality seeds, and implementing a high-density planting scheme. “It will be done through indigenous varieties of cotton seeds," the second person said.

“Two decades ago, when Bt cotton was introduced, farmers were optimistic about its potential for high yield, better market prices, and protection from insect attacks. However, as time passed, the increasing costs of inputs and the occurrence of crop failures have outweighed the perceived benefits of Bt cotton," said Kalyan Goswami, the director general of Agro Chem Federation of India.

“Replacing Bt cotton, which currently covers 95% of the cultivation area, would be a challenging task. One of the major hurdles would be the availability of Kasturi cotton seeds," said Goswami, who is also a former DG of the National Seed Association.

“India is not yet prepared in that respect."

“Another challenge is the lack of patience, which has led to the premature termination of government initiatives, such as the goal of doubling farm income. Achieving a significant market share in the Indian cotton market with Kasturi cotton would require sustained efforts for at least 10-12 years, aiming to capture 25-30% of the market," Goswami added.
White gold

In recent years, India has witnessed a sharp decline in production of ‘white gold’ as per textile ministry data, annual production of cotton in 2017-18 was 37 million bales (170 kg each) that was reduced to 33 million bales next year. After a significant growth in 2019-20 (36 million bales), it reduced to 35 million bales in 2020-21 and 31 million in 2021-22. Total production of cotton in 2022-23 was 34.7 million bales.

However, it is estimated that production may shrink at 31.6 million bales in 2023-24.

The ministry is also focusing on increasing footprints in technical textiles, which is a growing market. Currently, India is exporting technical textiles, including medical apparels, to the tune of $2.5 billion and set a growth target of $10 billion in the next 5 years.

India's textile exports declined to $34.40 billion in FY24 due to geopolitical tensions.

Textile and apparel exports, which were under stress for more than a year, grew 6.91 % year-on year in March.

Source: livemint.com– Apr 25, 2024

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Interest rates may stay higher than expected in 2024-25: World Bank report

Interest rates could remain higher than expected in 2024 and 2025 as global commodity prices level off, the World Bank said in a report released Thursday.

The report also noted that a significant flare-up in the Middle East could further stoke global inflation.

"A key force for disinflation-falling commodity prices has essentially hit a wall. That means interest rates could remain higher than currently expected this year and next. The world is at a vulnerable moment: a major energy shock could undermine much of the progress in reducing inflation over the past two years," said Indermit Gill, chief economist, World Bank.

The World Bank's index of commodity prices has remained unchanged since mid-2023. The new Commodity Outlook projects prices are expected to decline 3% in 2024 and 4% in the following year.

However, it noted that it is unlikely to have an impact on inflation, which has remained high across countries. "It will keep commodity prices about 38% higher than they were on average in the five years before the Covid-19 pandemic," it said.

Experts have pushed the possibility of a cut by the RBI to the year's second half, given geopolitical concerns and the possibility of higher rates for longer in the US. The RBI's monetary policy committee held the policy rate at 6.5% for the seventh consecutive time at its meeting in April.

"One critical factor behind this divergence relates to heightened geopolitical tensions that are keeping upward pressure on prices of major commodities and stoking risks of sharp price movements. Central banks must remain alert about the inflationary implications of commodity-price spikes amid elevated geopolitical tensions," said Ayhan Kose, deputy chief economist, World Bank.

Source: economictimes.com– Apr 26, 2024

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India-Canada FTA talks unlikely to resume soon

New Delhi: Free trade agreement (FTA) talks between India and Canada, on pause since September 2023, will not be resumed unless political issues that have soured bilateral relations are addressed, two people aware of the matter said.

The negotiations will not resume unless the Canadian government addresses the issues raised by India and the political issues between both countries find a resolution, said the first person mentioned above, who didn't want to be named.

"As of now, there is no timeline for resuming the talks between both countries," the person added.

Spokespersons of India's Commerce Ministry and the Canadian High Commission didn't respond to emailed queries.

Resuming talks

Canada halted the talks in September 2023, after they resumed nearly after a decade in March 2022, stating that both countries would mutually decide on resuming the talks in the future.

Both countries, talking off and on since 2010 about a comprehensive economic partnership agreement, re-launched negotiations for an interim agreement in March 2023.

At the time of pausing the talks, over half-a-dozen rounds of negotiations had taken place.

Prime Minister Narendra Modi had during September 2023 expressed concern over anti-India activities and Khalistan extremism in Canada in a meeting with his Canadian counterpart Justin Trudeau on the sidelines of the G20 Summit.

A few weeks later, Trudeau told Canada's House of Commons that the Indian government may have been involved in the killing of Hardeep Singh Nijjar, a Canadian citizen and a prominent figure in the pro-Khalistan movement.

Nijjar was designated as a terrorist by the Indian government. The Canadian government also expelled a senior Indian diplomat from the country.

"Canadian security agencies have been actively pursuing credible allegations of a potential link between agents of the Government of India and the killing of a Canadian citizen, Hardeep Singh Nijjar," Trudeau told an emergency session of the Canadian parliament last September, adding that his government has declared its concerns to Indian security and intelligence officials.

Change of guard

Following this, Canada removed 41 of the country's 62 diplomats in India after New Delhi threatened to revoke their immunity.

Interestingly, Canada will be conducting its federal election to elect members of its parliament in 2025, which could lead to a change in guard at the helm of the Canadian government.

"The elections could throw up a new government at the helm, which could have a different view (of the political issues with India)," the first person mentioned above added.

Merchandise trade between India and Canada stood at about $7.6 billion during the calendar year (CY) 2023.

During CY23, India's merchandise exports to Canada stood at $3.49 billion, down 7.5% annually, while its imports stood at $4.10 billion, up 7.43% annually.

During the trade negotiations between both countries, Indian businesses were looking for duty-free access for various products like textiles and leather, and easy visa norms for the movement of professionals, while Canadian companies were looking for easier access in sectors like dairy and agricultural products.

Source: livemint.com– Apr 25, 2024

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Trade fragmentation

India must adjust to emerging trends

Following a contraction of 1.2 per cent in 2023, global merchandise trade volume is expected to grow 2.6 per cent this year, and 3.3 per cent next year. Yet, deepening fault lines and growing tensions between trading blocs have put cross-border trade relations at risk. Multilateral bodies like the International Monetary Fund (IMF) and the World Trade Organization (WTO) have thus rightly underscored the issue of restrictions in trade flows in the post-pandemic world, and the need to preserve the gains from economic openness. The latest World Economic Outlook of the IMF notes that since the start of the Russia-Ukraine war, countries are finding themselves comfortable trading with other members of the trade blocs they are part of, rather than those of politically distant blocs.

Total merchandise trade has slowed by 2.4 percentage points more between countries that are not in the same bloc, indicating that the extent of trade flows is increasingly being determined by the economic positioning of different countries and their possible trading partners. The relationship is even stronger for trade in strategic sectors, such as machinery and chemicals.

Economic and ideological rivalry between the US and China has led to a weakening of trade links between the two largest economies of the world. As a result, countries in the West are moving towards “friend-shoring” and “near-shoring” policies to de-risk their trade flows, while China calls for self-reliance.

The position taken by emerging-market economies (EMEs) and developing countries like India in this context remains crucial. For countries that are non-aligned and not particularly associated with any trade bloc, things could become more difficult in the future.

Disruptions on two of the most important shipping routes — the Panama and Suez canals — further elevate risks to the trade outlook. Shortage of fresh water in the Panama Canal and the diversion of shipping traffic away from the Red Sea led to supply-chain delays and higher shipping costs.

Signs of fragmentation are not just confined to merchandise trade but are also being seen in services trade and data flow policies. This can especially affect countries like India which specialise in the services sector. For instance, the US' import of information, communication and technology (ICT) services from its Asian trading partners (mostly India) fell from 45.1 per cent in 2018 to 32.6 per cent in 2023. By comparison, the US' imports from its North American trading partners increased from 15.7 per cent to 23 per cent during the same period, a clear evidence of nearshoring.

Trade fragmentation is fraught with danger owing to reduced competition and efficiency loss from lack of specialisation. A study by the WTO shows that a decoupling of the global economy into geopolitical blocs could reduce world gross domestic product (GDP) by 5 per cent in the long run, while fragmentation of dataflow policies along geopolitical lines can reduce global real exports by 1.8 per cent and global real GDP by about 1 per cent.

Reduced portfolio and foreign direct investment flows induced by trade disruptions could also reduce capital accumulation in EMEs. Given the emerging trends in global trade, which are unlikely to reverse in the near term, trade policy in India needs to be calibrated to remain relevant in global markets.

Source: business-standard.com– Apr 25, 2024

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India's cotton exports jump 137% in Oct-March 2023-24 season at 18 lakh bales

India's cotton exports in the first six months of the season 2023-24 starting October have more than doubled with prices turning competitive for the overseas buyers.

Exports during October-March were up 137 per cent at 18 lakh bales compared to the 7.59 lakh bales logged in the same period last year , per the latest estimates released by the Cotton Association of India (CAI), the apex trade body. India had exported 15.59 lakh bales during the 2022-23 season.

CAI President Atul Ganatra said the Indian prices were competitive during the October-March period contributing to the higher exports. "Our prices were lower by ₹3,000-4,000 per candy than the international price for some time," he said.

However, with the global prices easing in the recent weeks, the Indian prices are now at par or slightly costly compared with the Cotlook Index, Ganatra said. For the current 2023-24 season ending September, CAI estimates the cotton exports to be over 22 lakh bales. The trade body is likely to revise its export projections on June 10 at its national crop committee meeting in Ludhiana, based on the shipment data till May-end and also on the inputs of the 60-odd stakeholders.

Robust demand

Meanwhile, demand for India cotton continues to be strong from buyers in countries such as Bangladesh and Vietnam among others. "Bangladesh buyers prefer Indian cotton as it is competitive and also due to faster delivery," said Ramanuj Das Boob, a sourcing agent in Raichur, Karnataka.

Das Boob said the multinationals such as Louis Dreyfus Company, Viterra and Olam among others have been aggressively offloading their stocks in the Indian market, which is being picked up by the local trade. From a high of 102 cents per pound on ICE in March, the cotton futures have eased to currently hover around 80 cents, while the domestic prices have come down from ₹61,000 a candy to around ₹58,000 levels during the period.

The domestic prices in India are very competitive for the MNCs to offload in the Indian market, Das Boob said adding that movement of prices, which are steady now, will depend on the ICE futures going forward.

Balance sheet

Meanwhile, CAI has retained its pressing estimate for 2023-24 at 309.70 lakh bales (of 170 kg each) even as consumption is seen picking up in the domestic market.

Consumption till March end was estimated at 165 lakh bales — higher than the previous month's 135.70 lakh bales. Domestic offtake for the year-ending September 2024 is estimated at 317 lakh bales.

CAI estimates total supply in the country till March end at 297.03 lakh bales, consisting of market arrivals of 263 lakh bales, imports of 5 lakh bales and the opening stock of 28.90 lakh bales. Stocks at the end of March 2024 was estimated at 114 lakh bales. This includes 47 lakh bales of stocks with the textiles mills, equivalent to 51 days consumption and remaining 67.03 lakh bales with Cotton Corporation of India, Maharashtra Federation and trade. Supplies for the year-ending September 2024 are estimated at 359 lakh bales.

Source: thehindubusinessline.com– Apr 25, 2024

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