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TEXPROCIL NEWS CLIPPINGS

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Economic activity in US manufacturing sector contracts in April: ISM

Economic activity in the US manufacturing sector contracted in April after a month of expansion following 16 consecutive months of contraction, according to a survey of the country's supply executives conducted by the Institute for Supply Management (ISM).

The manufacturing purchasing managers' index (PMI) registered 49.2 per cent in April, down by 1.1 per centage points from the 50.3 per cent recorded in March, the latest Manufacturing ISM Report on Business says.

Thirty-four per cent of manufacturing gross domestic product (GDP) contracted in April, up from 30 per cent in March.

Textile mills was among the nine manufacturing industries that reported growth in April. Furniture and related products was among the seven industries that reported contraction.

The overall economy continued in expansion for the 48th month after a month of contraction in April 2020.

The new orders index moved back into contraction territory in April after a month of expansion, registering 49.1 per cent, 2.3 percentage points lower than the 51.4 per cent recorded in March.

The April reading of the production index (51.3 per cent) is 3.3 percentage points lower than March's figure of 54.6 per cent.

The prices index registered 60.9 per cent, up by 5.1 percentage points compared to the reading of 55.8 per cent in March.

The backlog of orders index registered 45.4 per cent, down by 0.9 percentage point compared to the 46.3 per cent recorded in March.

The employment index registered 48.6 per cent, up by 1.2 percentage points from March's figure of 47.4 per cent.

The supplier deliveries index figure of 48.9 per cent is 1 percentage point lower than the 49.9 per cent recorded in March. The inventories index registered 48.2 per cent, the same reading as in March.

The new export orders index reading of 48.7 per cent is 2.9 percentage points lower than the 51.6 per cent registered in March.

The imports index continued in expansion territory, registering 51.9 per cent, 1.1 percentage points lower than the 53 per cent reported in March and February. In the last three months, this index has been at its highest levels since July 2022, when it was 54.4 per cent.

“Although demand improvement slowed, output remains positive and inputs stayed accommodative….Output (measured by the production and employment indices) moderated compared to March, with a combined 2.1-percentage point downward impact on the manufacturing PMI calculation….Inputs—defined as supplier deliveries, inventories, prices and imports—continued to accommodate future demand growth,” said Timothy R Fiore, chair of the ISM manufacturing business survey committee.

"Demand remains at the early stages of recovery, with continuing signs of improving conditions. Production execution continued to expand in March, but at a slower rate of growth than in prior months. Suppliers continue to have capacity but work to improve lead times, due to their raw material supply chain disruptions,” he added in a release.

Source: fibre2fashion.com– May 03, 2024

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Companies Sourcing From China Face 'Severe UFLPA Compliance Dilemma'

For Scott Nova, executive director of the Worker Rights Consortium, few incidents illustrate the so-called "failure" of social audits as well as the 2013 collapse of Rana Plaza, which killed 1,134 garment workers and injured or maimed thousands more just outside the Bangladeshi capital of Dhaka.

The disaster, he told the Congressional-Executive Commission on China (CECC) in Washington, D.C. on Tuesday, was the "culmination of two decades of scandalous recklessness by U.S. and European apparel brands and their local partners, resulting in dozens of mass fatality fires and structural failures in factories across that country's sprawling garment sector."

"After Rana Plaza, when legitimate building safety inspections finally began in Bangladesh under the auspices of the Accord on Fire and Building Safety, the inspectors did not identify a single factory in a multi-story building, out of more than 1,600 factories inspected, that had proper fire exits," Nova said. "All these factories had been the subject of numerous social audits conducted for Western brands and retailers. The factories were death traps before these social audits, and they were death traps afterward."

The question posed by the CECC hearing—whether social audits can be relied upon to root out forced labor in Chinese supply chains—seemed almost rhetorical. If social auditing is ineffective even in the best of circumstances, as witnesses testified, then how can they be relied on in the worst-case scenario of China?

Representative Christopher H. Smith, the New Jersey Republican who chairs the commission, set the tone at the outset by warning compliance departments to "take note." While many corporations appear to be relying on social audits to shield themselves from potential liability, he said, they are "works of near fiction" when it comes to portraying the state of labor in China.

"In a country such as the People's Republic of China, where independent labor unions do not exist, social controls prevent the free exchange of information, and recently passed national security laws make the disclosure of information that portrays China in a bad light a national security offense, social audits are particularly laughable," Smith said.

Indeed, audits in the Xinjiang Uyghur Autonomous Region, the locus of what the U.S. government says is China's genocidal crackdown on predominantly Muslim ethnic minorities, have been essentially made "illegal" by the Chinese government, said Thea Lee, deputy undersecretary for international affairs at the Labor Department.

"Any audit occurring in Xinjiang cannot be conducted without government oversight, making objective worker interviews free from reprisal an impossibility," she said. "As the U.S. government highlighted in the Xinjiang Business Advisory published in 2021 and updated in September of 2023, auditor interviews with workers cannot be relied upon given pervasive surveillance, the threat of detainment and evidence of workers' fear of sharing accurate information. Moreover, auditors have reportedly been detained, harassed, threatened or stopped at the airport." In 2020, dozens of compliance firms, including Bureau Veritas, RINA, Sumerra, TÜV SÜD and Worldwide Responsible Accredited Production withdrew their services from Xinjiang, citing the challenges of performing their jobs in a hostile police-state environment.

While social audits can be a useful tool to assess compliance at a "particular point in time," Lee said that they must be part of a comprehensive social compliance system that promotes trade unions, freedom of association and worker voice to be rendered effective. Better yet are binding and enforceable agreements between brands and their suppliers, in which workers are also a party, such as the Dindigul Agreement to Eliminate Gender-Based Violence and Harassment, which Indian manufacturer Eastman Exports, its subsidiary Nachi Apparels and H&M Group forged in the aftermath of a worker's rape and murder in 2022.

Because all of this is "impossible" in Xinjiang when workers are trapped in state-sponsored forced labor, the only responsible option left to companies is "not to operate in that atmosphere," she said. "The goal is to convince the Chinese government to stop these practices."

With forced labor bans in Canada and Mexico, forthcoming slavery-busting regulations in the European Union and burgeoning due diligence measures in Australia and elsewhere, Lee said that it should at some point become untenable for Beijing to "continue business as usual."

But the problem of social audits extends beyond Xinjiang to other parts of China, where the forced mobilization of Uyghurs as “poverty-alleviated laborers” is a growing problem, said Adrian Zenz, a senior fellow in China studies at the Victims of Communism Memorial Foundation. By his count, these coerced labor transfers increased by nearly 38 percent from 27,600 in 2022 to 38,000 in 2023. Any company sourcing in China must be considered at risk of being tainted by Uyghur forced labor, he said, adding that divestment is the only ethical path forward.

“Many auditing companies are either unaware or pretend to not realize that the very nature of state-imposed forced labor and labor transfers means that forced labor cannot be reliably assessed at workplaces; you would have to conduct an audit of the entire social environment,” Zenz said. “While there have been efforts by companies to divest from supply chains linked to Uyghur forced labor, these efforts remain insufficient [because] supply chain transparency remains limited.”

Any proactive measures are also stymied by “obfuscation efforts” by Chinese authorities, who are criminalizing the collection of data essential to performing due diligence, he added. The Uyghur Forced Labor Prevention Act, or UFLPA, Zenz said, needs to require companies whose supply chains involve an “elevated risk of connection” to products made in whole or in part with Uyghur forced labor to disclose their supply chains to the raw material level.

Nova agreed that since labor transfers have been utilized by factories in different parts of China, it “must be assumed” that the “risk of complicity” in the mobilization scheme “exists at virtually any production facility in the country.”

This gives rise to two questions, he said. One, are companies importing goods made in whole or in part in China into the United States inspecting the relevant suppliers to ensure that no transferred labor has been involved?

And two, what methods are their auditors using to conduct credible and effective inspections, given the “prevailing climate of repression of rights of speech and assembly across China and the extremely sensitive nature of any discussion of Uyghur forced labor”?

“There is a notable dearth of public information that speaks to these urgent questions,” Nova said. “Most corporations sourcing from China are publicly silent on how they are complying in this area. And we are unaware of any auditing firm that has provided any transparency as to the methods it utilizes to verify compliance.”

Lee said that she has yet to encounter an effective way of addressing the challenge of monitoring forced Uyghur migration to other Chinese provinces. Though determining whether a subcontractor is using transferred labor “ought to be possible,” it remains “very difficult,” she said.

“I know that on the Forced Labor Enforcement Task Force, we’ve faced a lot of trouble trying to get verifiable information about the labor transfer programs,” Lee said. “There’s information sometimes provided on Chinese websites and then it disappears. And a lot of information is not as fresh as we’d like because there isn’t free access inside of China to workplaces, to workers, to be able to assess effectively who the workers are and where they’ve come from.”

It’s for all these reasons that corporations sourcing from China face a “severe UFLPA compliance dilemma,” even if they have made every effort to exclude inputs from Xinjiang in their supply chains, Nova said.

“Full compliance requires viable methods to ensure there are no transferred Uyghur labor at suppliers outside the XUAR,” he said. “The U.S. government should be asking corporations importing goods from China to demonstrate that they have such methods. Any corporation that can’t do so must then explain how they know, with respect to any given import on a given day, that they are not breaking the law.”

Source: sourcingjournal.com– May 02, 2024

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UK manufacturing PMI declines in April 2024: S&P Global

The UK manufacturing sector showed renewed signs of weakness at the start of the second quarter, as the seasonally adjusted S&P Global UK manufacturing purchasing managers' index (PMI) fell to 49.1 in April, down from March's 20-month high of 50.3.

Four of the five PMI constituents (output, new orders, employment and stocks of purchases) registered contractions. Longer supplier delivery times was the only variable to buck the negative trend on the PMI. However, this was largely a 'false positive', largely reflecting disruptions caused by the Red Sea crisis as opposed to stronger conditions driving up demand for raw materials (input buying activity actually fell during the latest survey month).

The latest contraction of production volumes—the thirteenth during the past 14 months—was mainly the result of output being scaled back in both the intermediate and investment goods industries. The link between market demand and the trend in production was highlighted by these two sectors also seeing lower intakes of new business. In contrast, the performance of the consumer goods industry continued to strengthen, with output and new orders in this category rising for the second successive month (albeit at slower rates of growth), as per S&P Global.

Total new business placed with UK manufacturers contracted in April, amid signs of weaker demand from both domestic and overseas sources. The downturn in new export business extended to 27 successive months, with reports of weaker intakes from Germany, Ireland, Asia and the US. Strong competition, distribution issues and cost increases were all factors contributing to lower new export order inflows.

Average purchasing costs rose for the fourth successive month in April, with the rate of increase accelerating to its highest since February 2023. Multiple inputs were reported to be up in price, with specific reference to higher costs for energy, polymers, steel, textiles, timber, and transportation. There were also reports citing increased shipping costs (Red Sea crisis), market forces, and the pass-through of higher wages at suppliers. Manufacturers' selling prices rose in response, taking output charge inflation to an 11-month high.

The continued subdued performance of the UK manufacturing sector was reflected in the labour market. Staffing levels were reduced for the nineteenth consecutive month. Job losses were mainly in the consumer and intermediate goods sub-industries, as employment rose in the investment goods category.

April saw weak demand, cost control initiatives, supply chain disruptions, and a preference for reduced stock holdings influence levels of purchasing activity and inventory holdings. Input buying volumes subsequently fell for the twenty-second month in a row, while stocks of both purchases and finished goods were further depleted.

The decrease in holdings of inputs at warehouses was also affected by delays in receiving goods ordered from suppliers. Average vendor lead times lengthened for the fourth month running, amid continued reports of disruption caused by the Red Sea crisis.

Source: fibre2fashion.com– May 03, 2024

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Here's How Regenerative Agriculture Benefits the Cotton Supply Chain

There is no shortage of sustainability talk in the fashion industry, especially coming off Earth Month in April. But sustainability in the cotton industry starts in the field, where growers consider soil health, water cycling, nutrient management and more as they embrace their role as stewards of the land.

Regenerative agriculture—which includes cover cropping, no-till or conservation tillage and crop rotation (more on this later)—is at the heart of the advancements in cotton growing, and it stands as a boon for brands and retailers that want to improve their sustainability goals.

"When we're thinking about this idea of cotton production, we're really thinking, 'How does the soil sustain the crop and sustain the farmer and sustain the economy,'" says the Soil Health Institute's Dr. Christine Morgan, chief scientific officer. "That's the concept behind regenerative agriculture. It's a system of farming principles and practices that seek to rehabilitate and enhance the entire ecosystem of a farm. But it places a premium and an emphasis on soil health.

"It also pays attention to those roles of biodiversity, socioeconomic health of farmers and their communities," Morgan continues. "If we perform regenerative agriculture, we're enhancing the soil or getting back to where it was before we started plowing the soil."

This idea of being eco-conscious literally from the ground level is one that resonates with consumers. Consider that nearly seven in 10 apparel shoppers (69 percent) say they would be bothered if they found out a clothing item they purchased was not environmentally friendly, according to the Cotton Incorporated Lifestyle Monitor™ Survey. And there are repercussions for brands, as about four in 10 shoppers (39 percent) say they would hold the manufacturer responsible.

More than half of all consumers (53 percent) say a garment's environmental impact is important to them, according to the Monitor™ research. And almost half (48 percent) say "environmentally friendly" clothing means apparel that's not harmful to the environment/is good for the earth/is ethically sourced. Of note, the clear majority (78 percent) of consumers say cotton apparel is the most sustainable.

Researching and improving on an environmentally conscious approach to growing has its rewards. Cotton Incorporated and the U.S. Cotton Trust Protocol won the 2023 Field to Market Collaboration of the Year Award for the U.S. Cotton Trust Protocol: Collaborating for a Smarter Cotton Future project. The project is a cotton production assessment system established by U.S. cotton producers and industry organizations to provide a mechanism by which U.S. cotton growers can assess and verify their current production practices and measure progress toward long-term sustainability goals.

The award goes hand-in-hand with regenerative agriculture, some of the practices of which include cover crops, conservation tillage or no-till and crop rotation.

Cover crops are grown alongside cotton, and their canopy and roots reduce soil erosion, suppress weeds, enhance water availability, control pests and diseases, increase biodiversity and increase organic matter and carbon sequestration. Cover crops also improve soil structure so growers can cut back on irrigation.

Conservation tillage or no-till means growers reduce the number of times they till the soil—or they don't till it at all—to decrease erosion, increase organic matter in the soil and increase soil carbon accumulation rates. Reduced tillage also significantly reduces fuel usage, benefitting both the environment and the growers' costs.

Crop rotation involves strategically growing different crops in a specific sequence to enhance soil fertility, disrupt pest and disease cycles and improve soil structure. A grower might cycle out cotton with corn, soybeans or peanuts.

Since the U.S. Cotton Belt spans 17 states from Virginia to California and a multitude of soil types, ecosystems and climates, the practices that are adopted by one grower might be quite different than those adopted by another. The idea is that each grower implements the practices that work best for their farm.

Forward-thinking brands and retailers are already incorporating regenerative agriculture into their programs. For instance, Target says it recognizes "the critical interconnections between climate and nature" and "is continuing to invest in regenerative agriculture." As part of its efforts, Target is working with the U.S. Cotton Trust Protocol's Climate Smart

Commodities Projects to "build markets for climate-smart cotton and provide technical and financial assistance to over 1,000 U.S. cotton farmers."

A few years ago, the Ralph Lauren Corporate Foundation gave a $5 million grant to the Soil Health Institute to launch the U.S. Regenerative Cotton Fund, an initiative that supports long-term, sustainable cotton production in the U.S.

"Partnering to scale solutions that build community resilience are powerful ways to positively impact people's lives, now and for the future," said Ralph Lauren Corporation's Roseann Lynch, chief people officer and head of the Ralph Lauren Corporate Foundation, at the time of the program's launch.

Clearly, these companies see the benefits of improved sustainability at the beginning of the supply chain. And that's appreciated by consumers when they're shopping for new clothes.

Nearly two-fifths of consumers (37 percent) say sustainability or environmental friendliness is important to them when they're looking at what apparel brands to buy, according to Monitor™ research. And about half (49 percent) say environmental friendliness is an important factor when they're actually making a clothing purchase.

Regenerative agriculture is a holistic approach to meeting the needs of the land, the farmer and the supply chain. The benefits bolster brands' efforts to improve sustainability within their own supply chain. And when brands support regenerative agriculture, they gain a sustainability story worth sharing with both consumers and investors.

Source: sourcingjournal.com– May 02, 2024

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US cotton exports down 45% from last week: USDA

US cotton net sales of Upland totalling 97,400 RB (running bales, each weighing 226.8 kg or 500 pounds) for 2023-24 were 45 per cent down from the previous week and 20 per cent from the prior 4-week average.

According to the export sales report from the US Department of Agriculture (USDA) for the week ending April 25, cotton export sales increased primarily for Vietnam (29,600 RB, including 1,100 RB switched from South Korea and 400 RB switched from Japan), Pakistan (17,400 RB), China (15,000 RB, including decreases of 3,600 RB), India (7,100 RB, including decreases of 100 RB), and Bangladesh (6,300 RB). However, the gain was offset by reductions for South Korea (1,100 RB) and Mexico (600 RB).

Net sales of 34,400 RB for the next crop year 2024-25, primarily for Vietnam (9,200 RB), Turkiye (7,500 RB), Mexico (5,400 RB), Pakistan (4,400 RB), and Ecuador (4,400 RB), were offset by reductions for Guatemala (4,000 RB). Exports of 180,000 RB were down 31 per cent from the previous week and 39 per cent from the prior 4-week average. The destinations were primarily China (56,100 RB), Pakistan (30,200 RB), Turkiye (25,400 RB), Vietnam (16,100 RB), and Mexico (7,600 RB).

US cotton net sales of Pima totalling 4,600 RB for 2023-24 were down 63 per cent from the previous week and 25 per cent from the prior 4-week average. Increases were reported for Vietnam (1,800 RB), China (1,500 RB), India (600 RB, including decreases of 800 RB), Colombia (500 RB), and Pakistan (200 RB). Exports of 4,600 RB were down 55 per cent from the previous week and 51 per cent from the prior 4-week average. The destinations were India (1,900 RB), China (1,700 RB), Pakistan (600 RB), Thailand (200 RB), and Colombia (200 RB).

Source: fibre2fashion.com– May 02, 2024

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GenAI in e-com market projected to grow to $2.1 bn by 2032: Capgemini

Generative artificial intelligence (GenAI) in e-commerce market is projected to grow to about $2.1 billion by 2032 from $529.5 million in 2022, with an expected 14.9 per cent compounded annual growth rate (CAGR), according to French multinational information technology services and consulting company Capgemini.

In a report titled 'E-commerce 2.0: Outcome-based personalized shopping with generative AI', the company said many companies are learning how GenAI can liberate their employees from routine tasks and improve the quality of customer engagement.

By exploring the technology's automation potential early on, these companies will be ahead of competitors and closer to providing better customer personalisation that prioritises problem-solving over mere product and service delivery. This will open the door to more intuitive, conversation-driven interactions as well as new model opportunities, the report said.

As GenAI advances, however, even chat interfaces used for search and discovery will no longer be necessary. With the tremendous amount of data collected, the technology will know the customer so well that it will be able to predict their individual needs and wants without search, it noted.

This level of personalisation will fundamentally change the way customers make purchases, as the system becomes an extension of their own decision-making processes, it said.

As businesses explore how they can enable better customer experiences using GenAI, they will run into several challenges that include bias, inaccuracy, data privacy and compliance risks. By knowing these challenges upfront, e-commerce businesses can better prepare their AI solutions to not only deliver more personalised experiences but also uphold ethical and legal compliance standards, the report said.

Several leading e-commerce brands are already using GenAI. GenAI can fill device screens with exactly what customers want to see; create promotions for brands on the fly; help create a wide, rich range of content to make problem-solving for customers fast and enjoyable; and take over many of these tasks to create, build out, then enhance the product catalogue using internal and external data sources.

Source: fibre2fashion.com– May 03, 2024

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Modal shift leads global freight decarbonisation efforts in 2023

The most favoured approach to drive global freight decarbonisation in 2023 was the modal shift, with 21.8 per cent of respondents supporting this method, according to the latest '2024 Green Freight Report: Is Transportation on Track?' from Transporeon. This was closely followed by load and routing optimisation at 18.2 per cent and carrier optimisation at 13.8 per cent, indicating a strong preference for multimodal, efficient freight solutions.

Despite the potential business benefits highlighted by both carriers and shippers, the report identifies a stark disconnect in the implementation of decarbonisation strategies. While 59 per cent of carriers now have the capability to calculate their CO_2 emissions, up from 55 per cent in 2022, a significant proportion still rely on estimated rather than primary data. Moreover, less than half of the shippers are using officially recognised methodologies like ISO 14083 or the GLEC framework, which are considered the gold standard for accurate emissions calculation, as per the report.

The report also sheds light on the business perspectives towards decarbonisation. A quarter of the carriers view it as a significant business opportunity, though this is slightly down from 27 per cent in the previous year. Over half of the shippers also see decarbonisation as a lucrative opportunity, indicating growing awareness and potential for green business practices.

Regulation and monetary incentives remain the primary drivers of decarbonisation, with carriers particularly favouring customers who offer premiums for lower emissions or provide longer contracts. Quick wins such as adopting fuel reduction technologies and transportation management platforms that aid in CO_2 measurement and reduction are also noted for their immediate benefits on operating costs.

However, the report reveals a concerning gap in collaboration and data sharing. Only 20 per cent of respondents are measuring emissions using primary data, and a worrying 46.8 per cent of carrier respondents are unwilling to share their primary data for CO_2 calculation. This lack of collaboration, coupled with the fact that 53 per cent of shippers are not actively engaging their carriers in decarbonisation efforts, points to a significant barrier in the industry's path towards sustainability.

Furthermore, a notable 70 per cent of carriers reported a decrease in requests for CO2 data from shippers compared to the previous year, underscoring a potential decline in proactive decarbonisation efforts. With only 3 per cent of respondents prioritising industry-wide collaboration, the path to a fully decarbonised freight sector appears fraught with challenges.

“This survey reveals that most stakeholders within the supply chain find collaboration too complex. In order to enhance efficiencies, all parties can look for seamless collaboration by adopting a network approach. In addition, decarbonisation requires teamwork. To ensure robust emissions calculations and trust in the data, collaboration within the freight decarbonisation ecosystem can be significantly facilitated by a smart platform in the future,” said Serge Schamschula, head of ecosystem at Transporeon.

Source: fibre2fashion.com– May 03, 2024

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ICE cotton hits 15-month low as weak crude oil impacts market

ICE cotton faced another setback on Wednesday, touching a fifteen-month low. Weaker crude oil dragged US cotton prices down even as Fed rates remained unchanged at a multi-year high amid higher inflation.

According to trade analysts, the US cotton July contract settled at 76.51 cents per pound (0.453 kg) before dipping to 76.05 cents. The contracts lost 1,680 points in the last month from 93.31 cents on April 1, 2024. The December contract settled at 75.17 cents, experiencing losses of 918 points in the last month.

The US dollar index remained stronger during the session but eased after Fed meeting comments. A lower dollar index supported cotton prices at present levels. However, crude oil played an important role in pulling cotton down, with oil dropping nearly 3 per cent due to improved inventory and a relaxed situation in the Middle East.

Once again, trading volume was significant on Wednesday, with 56,592 contracts traded and 59,615 contracts traded, indicating strong activity in the market from both sides. Open interest for July increased, possibly due to new speculative short positions. Certified stocks in the ICE Cotton exchange started at 183,114 bales today, with some new certifications and de-certifications, along with 1,700 bales awaiting review.

The current market situation presents challenges for the cotton industry. Mills are benefitting from the current lower prices but are finding it difficult to strategize their buying amid price instability. US growers could suffer further financial losses if cotton prices fail to improve this season, potentially discouraging overall sowing in the US.

During Thursday's session, ICE cotton July 2024 was traded 0.61 cent higher at 77.12 cents per pound, while Cash cotton was traded at 72.26 cents (down 1.92 cents), May 2024 at 75.81 cents (down 2.11 cents), October (new crop) contract at 76.00 cents (down 1.26 cents), December 2024 contract at 75.43 cents (up 0.26 cent), and March 2025 at 77.14 cents per pound (up 0.35 cent).

Source: fibre2fashion.com– May 02, 2024

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Mango plans over 20 store openings in UK for 2024

Mango, one of Europe's leading fashion groups, continues its expansion and brand consolidation plan in the UK with more than 20 store openings planned for 2024. Growth is focused on expanding its presence in London and Scotland, as well as the arrival for the first time in several cities in Northern Ireland and central and southern England.

"The UK is one of the priority markets for Mango's international growth. The increased presence in London and our arrival this year in some cities where we have not been present until now will consolidate the Mango brand and help us to strengthen it internationally," says Daniel López, Mango's Director of Expansion and Franchising.

The company plans four store openings in London this year, in addition to last February's opening of a store in the Windsor Yards shopping centre in the heart of historic Windsor, close to Windsor Castle.

Mango will also increase its presence in Scotland with store openings in Glasgow and Edinburgh, and for the first time will reach cities in Northern Ireland, as well as central and southern England.

The new Mango store will incorporate the New Med Mediterranean-inspired store concept, reflecting the spirit and freshness of the brand. Sustainability and architectural integration are the key to this new design that conceives the Mango store as a Mediterranean home with different spaces in which warm tones and neutral colours predominate, combined with traditional, handcrafted, sustainable and natural materials such as ceramics, tuff, wood, marble, esparto grass and leather.

Mango in the UK

Mango has been present in the UK since 1999. In 2021, the company strengthened its presence in the country with the opening of a new flagship store on Oxford Street in London and three other stores in Manchester, Edinburgh and Derby.

In 2022, Mango strengthened its presence in the north with a store in Glasgow Fort, the city's main shopping and leisure centre. It also opened at the Bluewater shopping centre in Dartford, the fifth largest in the country, as well as at Battersea Power Station in London. At the end of the year, the company opened its first store in Newcastle, located in the Eldon Square shopping centre, one of the most-visited in the country.

Last year, Mango opened more than 10 stores, mainly in the south and centre of the country, in major cities such as Bristol, London, Manchester and Leeds. Key among them was the store opening in Westfield Stratford City, one of the largest shopping centres in the UK. In addition, the company arrived for the first time in Brighton with a 470 m2 store in the Churchill Square shopping centre.

At the close of the 2023 financial year, Mango had 60 stores in the country, including company stores, franchises and corners in department stores, as well as a digital presence through its own online channel and other marketplaces.

Source: fibre2fashion.com– May 03, 2024

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Bangladesh Exports Are Clogging India's Air Cargo Capacity

Bangladeshi cargo is slamming Indian airports in what has become a concern for local businesses across the world's most populous country—while also delivering yet another headwind for India's already contracting textile economy as exporters fight for air capacity.

According to a report from Indian newspaper The Hindu Business Line, tons of garments out of Bangladesh are being shipped out via Indira Gandhi International (IGI) airport in Delhi, cornering space in aircraft bound for Europe and the U.S.

From April to December 2023, IGI handled 260,000 metric tons of export cargo, with Bangladesh accounting for just 5,000 metric tons—or less than 2 percent of total air cargo traversing through the airport.

However, this percentage increased dramatically in the January-to-March quarter, with the Bangladesh's share jumping to 9 percent of total air cargo, or 8,000 metric tons.

The led to congestion and spikes in air freight rates by nearly 300 percent, says Israr Ahmed, vice president of the Federation of Indian Export Organisations (FIEO).

The scenario is a likely result of a February 2023 trade agreement between the south Asian countries, which allows sealed export cargo from Dhaka to arrive directly at IGI with minimal border checks. Earlier, these goods would exclusively be shipped out of Netaji Subhas Chandra Bose International Airport in Kolkata.

And more recently, companies from both countries shifted more goods from ocean freight to air freight in the wake of the ongoing Houthi attacks on vessels traversing the Red Sea, forcing container ships to take an extra week or two to instead travel around southern Africa's Cape of Good Hope. Apparel is the lifeblood of Bangladesh's economy, exposing manufacturers in the country to higher risk when the Red Sea crisis began and freight rates started to escalate. In 2023, Bangladesh exported $47.4 billion in total apparel, representing 85.3 percent of the $55.6 billion in total goods shipped out of the market, according to the country's Export Promotion Bureau (EPB).

On the other hand, India's textile sector has seen better days, making the combined pressure of the Bangladeshi-originated cargo and the Red Sea shipping diversions even tougher to endure.

In the 2023-2024 fiscal year, textile exports out of India amounted to $34.4 billion, marking a decline of more than $1 billion, or roughly 3 percent, compared to the previous fiscal year. On a two-year basis, the drop is even more pronounced, with exports plummeting 16.3 percent from 2021-2022 levels, when India reported exports worth $41 billion.

To prioritize Indian air cargo and reduce potential cost pressures on Indian shippers, FIEO is calling on the government to bring in corrective measures, including a "landing charge" on Bangladeshi cargo.

FIEO isn't the only association seeking government intervention to assist Indian shippers.

In February, Indian apparel exporters body The Apparel Export Promotion Council (AEPC) urged the government to suspend last year's order that allowed Bangladesh exports to move through IGI's air cargo complex.

The association argued that the Red Sea crisis has already increased transportation costs of domestic exporters, and also forced the continued shift of export shipments from ocean to air freight.

APEC also believes that allowing Bangladeshi export cargo through Delhi is only going to lead to more backlogs, with chairman Sudhir Sekhri telling The Hindu Business Line that 20 to 30 loaded trucks now arrive to the airport from Bangladesh every day.

Although Indian airports are getting congestion in the short term,
An October report from Bangladesh newspaper The Business Standard said that the country's air cargo industry is likely to double within the next five years due to growing capacity development in Hazrat Shahjalal International Airport (HSIA), which is currently undergoing expansion.

HSIA can handle up to 900 metric tons of cargo in a day, but typically handles in a 400 to 500 metric tons on average.

"If we can change our policy and improve service quality, the cargo industry will be multiple times bigger by 2041, compared with the current status," Kabir Ahmed, president of the Bangladesh Freight Forwarders Association (BAFFA), told the publication in October.

He attributed the increase in shippers exporting their goods through India's Kolkata Airport to the low service quality within Bangladesh's wider ground operations.

The BAFFA president noted that state-owned air carrier Biman Bangladesh, which handles more than 8 percent of the country's total export air cargo, still has an opportunity to increase their export share.

Source: sourcingjournal.com– May 02, 2024

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Resurgent Apparel Demand: A boon for China, challenges for Bangladesh

The global apparel industry is experiencing a significant demand rebound especially in the West that is US and EU, driven by factors like fading recession fears, improved consumer sentiment, and inventory restocking after the holiday season. This increase in buying presents new opportunities for garment-manufacturing countries, but the picture is not uniform.

China sees demand spike, Bangladesh a drop

As per a QIMA report Q1 2024 saw a 20 per cent YoY increase in demand for textile and apparel. US-based buyer demand for inspections in China grew by 12 per cent YoY, while European demand saw even faster growth, particularly from Germany (+35 per cent), France (+30 per cent), and the Netherlands (+33 per cent). China's apparel exports to the US rose in value terms by 0.48 per cent and in volume terms by 14.94 per cent in January-February 2024 compared to 2023. While China remains the dominant supplier, Vietnam is also showing promise

Bangladesh on the other hand despite the global rise in demand, exports to the US and EU witnessed a decline in the first two months of 2024 compared to 2023. As per OTEXA & Eurostat data RMG exports to the US and EU declined in 2024 compared to 2023. However, there are signs of increased inquiries from new markets like Australia, Japan, India, and Korea.

The data clearly indicates, China is likely to be the biggest beneficiary of the US buying surge, with strong growth in inspections and audits. Bangladesh may struggle to compete due to recent cost escalations.

In the EU, both China and Bangladesh are facing export decline, though China's decline is smaller. Vietnam's exports to the EU have also decreased.

However, increased inspections in Bangladesh indicate potential order growth, with diversification beyond traditional US and EU markets (e.g., Australia, Japan).

Challenges and opportunities

There are several challenges for export growth among supplier countries. Rising production costs is foremost. Countries like Bangladesh need to address this issue to remain competitive. They also need to diversifying beyond traditional markets US & EU market that can provide Bangladesh and other countries with new opportunities. Moreover, export incentive policies can significantly impact a country's competitiveness.

The growing demand for apparels presents an opportunity, but Bangladesh faces challenges. Cost competitiveness and government policies (cash incentive reduction) are crucial factors for further growth. Diversifying markets and addressing cost concerns will be key for Bangladesh to capitalize on this potential bonanza.

Source: fashionatingworld.com– May 03, 2024

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Pakistan textile exports face multiple challenges impending production

Textile exporters in Pakistan are grappling with a host of challenges that are impeding maximum production, as reported by WealthPK. The high cost of doing business coupled with delayed refunds amounting to billions of rupees is casting a shadow over the textile sector, which serves as a linchpin of the national economy.

According to Ali, a prominent textile exporter, efforts to persuade authorities to alleviate the burden by reducing power and gas prices have been unsuccessful. The situation is dire, with production dwindling due to fund shortages faced by millers and the unresolved issue of stuck refunds.

Despite repeated promises from the government, tangible action remains elusive, laments Ali. He urges authorities to investigate the root causes of declining textile production and implement remedial measures promptly.

Khurram Mukhtar, Patron-in-Chief, Pakistan Textile Exporters Association (PTEA), adds, there is an urgent need for a comprehensive business plan to uplift the ailing industry. Neglecting the textile sector would jeopardise both economic growth and employment prospects, he adds.

Source: fashionatingworld.com– May 01, 2024

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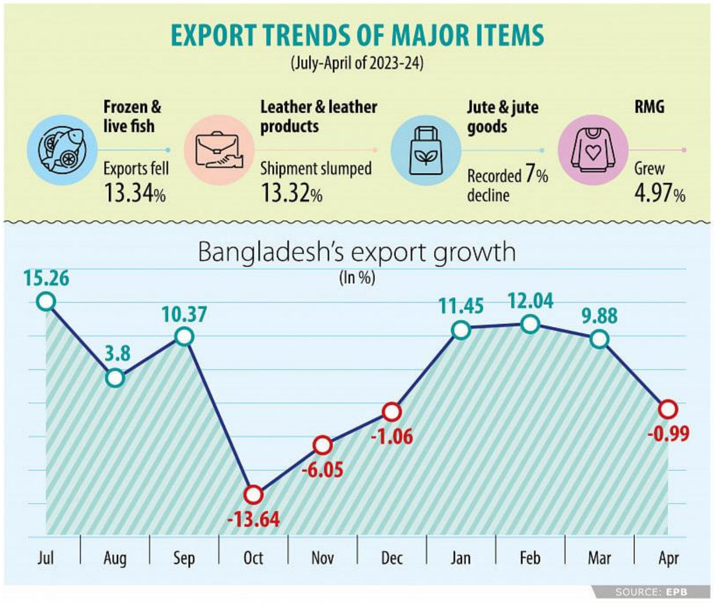
Bangladesh: Export falls to a six-month low

Bangladesh's exports dipped in April, the first decline in four months, because of slowing shipments of garments and some other major products, dealing a blow to an economy looking to recover from the lingering crisis.



The country shipped products worth $3.91 billion last month, down 0.99 percent from $3.95 billion a year ago, according to data released yesterday by the Export Promotion Bureau (EPB).

April's receipts were also the lowest in six months. However, shipments rose 3.93 percent year-on-year to $47.47 billion in July-April of the current financial year.

The slowdown in exports, the biggest source of foreign currencies for Bangladesh, came at a time when the economy is desperately trying to make a turnaround from the dragging dollar crisis and the widening deficit in the financial account, a key component of the balance of payments, which show the country's transactions with the rest of the world.

The exports of readymade garments, which account for about 85 percent of the total receipts, grew 4.97 percent year-on-year to $40.49 billion in the first 10 months of 2023-24 thanks to buoyancy in knitwear demand.

Knitwear sales rose 9.11 percent to $22.87 billion while woven garment exports remained almost flat growing at only 0.03 percent to $17.61 billion. Shams Mahmud, managing director of Shasha Denims Ltd, a major garment exporter, blamed the chronic gas shortage for the lower exports.

"We are not getting an adequate supply of gas. Therefore, we are accepting reduced orders in order to maintain the lead time for shipment."

Owing to lower generation of gas locally, industries have long complained of inadequate energy supply. The supply situation has not improved owing to the government's limited capacity because of the fast-depletion of foreign currency reserves.

Mahmud, also the managing director of export-oriented Shasha Textiles, GA Garments, and Shasha Spinning, blamed the decline in global demand for apparel as well.

"The exports of garments by other countries have declined, not just in Bangladesh."

He said manufacturers face delays in releasing goods at ports. "This has increased the lead time."

Importing countries are also showing interest in nearshoring, said Mahmud, also a former president of the Dhaka Chamber of Commerce and Industry.

Nearshoring refers to outsourcing of business processes to an external company based in a nearby country or location. Since labour costs rising in many countries, companies are turning to nearshoring as an option to reduce high overheads, according to German logistics company DHL.

The exports of other key sectors -- leather and leather products, jute and jute goods, home textiles, frozen and live fish -- registered a fall, EPB data showed.

The shipment of leather and leather products, the second-largest exporter after RMG, dipped 13.3 percent year-on-year to $872 million in July-April of 2023-24.

Leather footwear, the prime export item in the segment, plunged 26 percent to $430 million.

Arifur Rahman Chowdhury, general manager of ABC Footwear Industries Ltd, said the sector does not enjoy the full benefit of importing raw materials at zero duty under the bonded warehouse facility though it has immense potential in the global market.

He alleged that footwear exporters face hassles while importing raw materials. "Customs offices are not cooperating with us," he said, adding that banks are not extending the support the sector requires.

For jute goods exporters, the problem has become double-edged.

The prices of raw jute have risen while the prices of yarn, the main export earner in the segment, have fallen in the global market, said Helal Ahmed, chief operating officer of Janata Jute Mills and Sadat Jute Industries Ltd, a top jute yarn and jute goods exporter.

This is due to a lukewarm demand for carpets, in which jute yarns are used, in the US, he said.

The economy of Turkey, the main importer of jute yarn from Bangladesh, is not doing well while the cost of borrowing has surged at home, he added. A gradual tightening of the money supply by the central bank is now driving up the interest rate on loans, thereby ballooning the finance cost for businesses. For example, the weighted average interest rate on advances was 7.24 percent in January last year. It exceeded 13 percent in March this year.

Source: thedailystar.net– May 03, 2024

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India and New Zealand hold Joint Trade Committee meeting to strengthen their trade relations.

A delegation led by Sunil Barthwal, the Secretary of Commerce for India, visited New Zealand on April 26 and 27 to explore ways to strengthen existing bilateral relations.

It was the 11th Joint Trade Committee meeting between the two countries. The release further highlights that key areas of focus were progress on market access issues, economic cooperation projects, and the exploration of new initiatives. The establishment of a robust bilateral economic dialogue architecture and the creation of working groups on sectors such as agriculture, food processing, storage & transportation, forestry, and pharmaceuticals were also discussed.

The release states, "The meetings addressed bilateral trade matters of mutual interest, including issues related to market access, non-tariff barriers (NTBs), and sanitary and phytosanitary (SPS) measures on products like grapes, okra, and mangoes; Mutual Recognition Arrangement (MRA) in organic products; simplified homologation, including through mutual recognition of comparable domestic standards for vehicles, etc.".

The services sector emerged as a focal point during the discussions, with a strong emphasis on increasing business-to-business and people-to-people contacts.

Collaboration in areas such as hospitality, nursing, telemedicine, education, and air connectivity was highlighted, along with efforts to address skill gaps through capacity building.

Furthermore, discussions delved into collaboration in the pharmaceuticals and medical devices sectors, with a focus on fast-tracking regulatory processes and quality assessment of manufacturing facilities.

Opportunities for collaboration in digital trade, cross-border payment systems, and engagement within platforms such as the G20 and the Indo-Pacific Economic Framework for Prosperity (IPEF) were also explored.

Both India and New Zealand reaffirmed their commitment to upholding the principles of the World Trade Organization (WTO) and agreed to hold regular meetings at all levels to address issues and explore collaborative activities.

Overall, the visit underscored the shared commitment of both nations to deepen their bilateral relations through continuous dialogue and cooperation.

Source: thehindubusinessline.com– May 02, 2024

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Manufacturing PMI slips to 58.8 in April from March's 16-year high

Indian manufacturing slowed down a bit in April but growth stayed robust to signal the second-best improvement in the sector's health in three and a half years, said a private business on Thursday.

The headline Purchasing Managers' Index (PMI), released by HSBC, slipped to 58.8 in April from a 16-year high of 59.1 recorded in March.

“Firms experienced a sharp upturn in new business intakes and scaled up production accordingly. With sales expected to remain positive, buying levels were raised, and input stocks were increased to one of the greatest extents seen in over 19 years of data collection. Cost pressures ticked higher, though they remained historically mild, pushing up charge inflation to the strongest since January,” said the survey.

A figure above 50 in the index denotes expansion and that below signifies contraction.

Indian manufacturers reported robust demand from Indian and foreign clients in April when total new orders rose sharply. The pace of expansion was the second strongest since 2021.

“Growth was spurred by healthy demand trends and successful marketing campaigns. Other sources of sales gains cited by firms were Asia, Australia, Europe, and the Americas. New export orders increased markedly in April, albeit at a softer rate than that seen for total sales, suggesting that the domestic market remained the main driver of growth,” the survey said.

The April manufacturing PMI matches the flash estimate for the month at 59.1 released earlier. The new figure marks the manufacturing output rising for the 34th consecutive month since October 2020.

Pranjul Bhandari, chief India economist at HSBC, said the April manufacturing PMI was the second fastest improvement in operating conditions that were bolstered by strong demand and resulted in a further expansion of output, albeit slightly slower than in March.

“Improvements in suppliers’ delivery times contributed to increased purchasing activity. Additionally, a positive outlook for the year ahead prompted firms to expand their staffing levels. On the price front, higher costs of raw materials and labour led to a modest uptick in input costs, but inflation remains below the historical average. However, firms passed these increases onto consumers through higher output charges, as demand remained resilient, resulting in improved margins," she said.

Manufacturing’s pace of job creation was moderate in April but the quickest since September 2023, as companies hired additional staff at the start of the first quarter of the financial year to fulfill demand.

The survey said the pressure on manufacturers’ operating capacity was mild as seen by a slight uptick in outstanding business volumes.

“Although the latest results showed an intensification of cost pressures during April, the rate of inflation remained below its long-run average. Among the items mentioned as up in price were aluminium, paper, plastics, and steel,” it said.

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

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In an uncertain world, India's trade push

Over the past few years, global trade has been very volatile, first on account of the Covid-19 pandemic and then due to geopolitical conflicts. Since the middle of 2022, the value of global merchandise trade has shrunk continuously as per data from the United Nations Conference on Trade and Development. In fact, in 2023, global merchandise exports fell by 4.6 per cent. The January-March 2024 quarter, though, saw some sequential improvement.

India's performance has been largely in line, with merchandise exports falling 4.7 per cent in 2023. This, however, was better than developing Asia as a whole, which saw merchandise exports decline by 6.8 per cent. In 2023-24, India's merchandise exports stood at $437.1 billion, down 3.1 per cent from 2022-23. But the monthly data does suggest a pick up — after a 8.9 per cent contraction in the first half of the year, exports grew by 2.8 per cent in the second half. In the last quarter of the 2023-24 — a period when the threat of Red Sea disruptions on exports was partly playing out — exports grew at a faster pace of 4.5 per cent.

Besides an uncertain global environment, India has also had to deal with lower international commodity prices, which have reduced its export bill measured in dollars. Most international commodity prices (both energy and non-energy) have been declining after spiking due to the geopolitical conflict in Europe post February 2022.

In 2023-24, the sharp decline in crude oil prices was a big contributor to the fall in India's overall merchandise export bill. India's petroleum export bill was $13.3 billion lower, as crude oil prices fell $13 per barrel. With more than a 20 per cent share, oil is India's single largest export item and hence, its movement has a large bearing on total merchandise export earnings. In volume terms, though, India exported more petroleum products last year.

Excluding petroleum and gems and jewellery exports (the other top export item which was also down 13.8 per cent last year), core exports were up 1.4 per cent, despite the broad-based decline in international commodity prices. This indicates that India was able to ship a higher volume of goods. According to quick estimates of the Ministry of Commerce and Industry, items with as much as 45 per cent share (in dollar terms) in India's merchandise exports managed to grow last year.

The impressive 24 per cent growth in electronics goods exports last year reflects surging exports of telecom instruments or mobile handsets, spurred by the Production Linked Incentive scheme. The heft of electronics exports is visible from the fact that barring these, core exports registered a marginal decline last year. The share of electronic goods in the country's merchandise exports has risen significantly — from around 2 per cent in 2017-18 to 6.5 per cent in 2023-24. While India continues to have a deficit in electronics goods trade, the ratio of value of electronic exports to imports has improved from 0.11 to 0.34, largely led by a surge in the share of telecom instruments.

Other large core categories such as drugs and pharmaceuticals, engineering goods and agricultural goods also saw healthy export growth. It is also noteworthy that despite the ban on non-basmati rice and wheat and some other curbs from time to time, overall agriculture and allied exports growth, led by other categories such as meat and poultry products, spices, fruits and vegetables, oil meals, oil seeds and unmanufactured tobacco remained healthy.

In terms of the country of destination, oddly, goods exports to the US — India's largest market with solid economic growth in 2023 — contracted in 2023-24 as its growth was largely led by the services sector. However, there has been an uptick over the past few months. On the other hand, exports to the Euro region grew last year despite a sharp economic slowdown in the region, which has also been vulnerable to geopolitical uncertainties. While exports were largely led by petroleum products, other key items such as machinery, pharmaceutical products and auto and auto parts also rose.

India's exports to the Gulf Cooperation Council (GCC) countries also rose, reflecting a further increase in exports to the UAE — the largest export destination of Indian goods in the GCC region. It is noteworthy that India's gems and jewellery exports to UAE increased by a whopping 42.3 per cent during April-February 2023-24 even as India's overall gems and jewellery exports declined by 14.5 per cent during this period.

However, it is a matter of concern that exports of labour-intensive sectors such as gems and jewellery, textile products (largely ready-made garments), leather and leather products, marine products and plastics, declined last year. In fact, the share of most of the labour-intensive categories in the country's merchandise exports has come down drastically over the last decade. For instance, the share of gems and jewellery exports in India’s merchandise exports fell from 13.2 per cent in 2014-15 to 7.5 per cent in 2023-24. Similarly, the share of textile exports is down from 11.1 per cent to 7.5 per cent. Arresting this decline must be a priority.

That said, over the past few quarters, goods exports have fared well. What also bodes well for India’s exports is the upward revision to global growth and trade projections by multilateral agencies. S&P Global expects global growth at a healthy 3.2 per cent in 2024 compared to 2.8 per cent earlier. WTO projects world trade volume to grow 2.6 per cent in 2024 from -1.2 per cent in 2023.

Bilateral free-trade agreements with major economies and the ongoing push to manufacturing should also spur India’s exports in the near to medium term. In the base-case scenario, exports should grow at a healthy rate and contribute to the overall growth momentum. The spoilers would be uneven global growth and geopolitical tensions which will bear watching.

Source: indianexpress.com– May 03, 2024

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Need for speed: Growing global markets provide India's exports huge potential. But how to reach them?

Peru in South America is a major market for Mumbai-based Sanjivani Parenteral, a manufacturer and exporter of pharmaceutical products. It is also a market where the company faces stiff competition from China because of factors that are beyond its control.

"From India, it takes 60 to 65 days for a container to reach Peru, whereas it is just 30 days from China. So, when a buyer in Peru is deciding where to buy a product, they factor in that the inventory has to be forecast only for one extra month instead of two when it comes to India. This transit time is a big game changer," says Srivardhan Khemka, Director, Sanjivani Parenteral.

India has lots of advantages such as more value-added services, better product quality and no language barrier, unlike China. Yet, he points out, such issues gnaw away at the competitiveness of products from India. The time to reach a potential customer needs special attention.

"Manufacturing a product in pharma takes a lot of time — around 45 to 60 days. After that it goes for 65 days in a ship. So practically four months of the shelf life is gone as pharma is a perishable product. Naturally, for a Chinese company, the product reaches in 25-30 days so they save on that one month. This is a problem that could be faced by any perishable product from India, not just pharma," he states.

The exporter's views reflect a paradox in the export ambitions that India harbours to replace China as a factory for the world. If reaching global buyers is marred by such complexities, India's efforts to be a global export powerhouse are not likely to yield fruitful results.

Slow pace of logistics also adds to the cost of products. This, too, reduces the ability of manufacturers to compete with global players even if their goods are comparable with global standards.

Spotting these weak links and correcting them are important for India to reach customers in diverse and remote geographies in a smarter way.

Export economy

An example from tier-II cities also highlights a weak link. Sunil Raithatha, Managing Director of Jalna, Maharashtra-based Vinodrai Engineers, a manufacturer and global supplier of rotational moulding machines, tells ET Digital how the connectivity from the dry port in Jalna, which was inaugurated in March, is expected to help companies like theirs reach customers faster.

The Port of Shanghai is the busiest port in the world in terms of cargo tonnage, comprising a deep-sea port and a river port.

“For instance, if I get an email at 12 noon from a customer in Dubai that they need a spare bearing, we can pack the bearing and keep the documentation ready and call Blue Dart to pick it up by 4 pm from the factory. It would reach Aurangabad by 6 pm, go via Mumbai in an evening flight and reach Dubai the next morning at 7. By 12 pm, it would reach the customer. Such infrastructure is available for someone in Jalna but are we even utilising it?” he says.

Raithatha states that a lot of MSME exporters are not aware that they can optimise their operations by using the available networks and reach certain markets faster now.

Exporters say along with development in infrastructure and connectivity, the government should also make it obvious to manufacturers, particularly MSMEs, of the advantages that fall in place when these developments happen. They should be made aware of the best practices available to maximise opportunities and reach buyers all over the world. That will bridge the gap between infrastructure availability and the knowledge to use it effectively for maximum growth.

Khemka explains that when people start a business, they are usually busy trying to startup and do trading. This can pose a problem. “What happens is that there is no specialisation.

These people just focus on doing the trade. Educating themselves on how to be specialists in shipping, rather than being generalists, will help open up more avenues for them. It will benefit exporters as well,” he explains.

Location of manufacturing hubs

It always makes sense to promote manufacturing hubs near ports, say experts.

Prahlad Tanwar, Global Head-Logistics & Postal Services, KPMG, says that reaching global customers in a more time-efficient manner becomes easier if manufacturing moves closer to exit points. “Besides this, there should be better inland connectivity, and the frequency of evacuation from the plant to the port and beyond needs to go up considerably. Both the turnaround time as well as cost is significantly balanced out if one is closer to a port,” he says.

Giving a parallel with China, Tanwar says a lot of the products they make tend to move very quickly either via road, rail or even waterways from the factories to the major ports. “Those ports are significantly larger than ours in terms of scale and capacity which means that there are far more sailings every day, while we have just a few sailings a week.”

This is one reason Chinese companies are able to manufacture at scale and become an export economy. “Their economy has infrastructure that has been built to cater to exports while ours is a domestic consumption economy.”

China, in fact, houses seven of the 10 busiest container ports in the world. Even smaller countries such as Taiwan and Korea have been able to build significant competitiveness when it comes to exports with the entire infrastructure geared up to that end.

Indian cargo takes about 60 days to reach Peru, compared to about 30 from Chinese ports. In pic - View of dock and containers in the port of Callao, Peru.

Another advantage China has is that there is enough volume going out of the country to a destination. This makes it possible for exporters to get together and send whole shiploads of goods directly to the destination. “We are not able to fill up ships entirely for one particular destination yet. We have not reached that level and that is why our core manufacturing needs to increase. It is a pure volume game,” he explains.

An evolving landscape

Though India is well placed to become a major exporter from a geographical perspective, the enabling infrastructure is still evolving in the country. He points out that a major transshipment terminal has come up in Vallarpadam, Cochin, and a large transshipment port is coming up in Vizhinjam, Thiruvananthapuram. “We are upgrading ports and also creating massive port capacity. However, our exports and manufacturing have still not migrated closer to the ports. That is still work in progress,” Tanwar states.

Substantiating his view, he gives an example of how the cost of transporting apples from New Zealand to India is as competitive as getting it from, say, Himachal or Kashmir to Mumbai. “These challenges exist since logistics in India is still finding its feet. In Himachal and Kashmir, it takes a long time for trucks to reach the loading points because of the hilly terrain. In New Zealand, the whole economy is built around making pre- and post-harvesting techniques quicker and more competitive. Containers are loaded, shipped out and moved via sea on a vessel that has about 15,000 TEUs. So, the costs are balanced out by the scale of the movement versus one truck that moves from Kashmir to Mumbai,” he adds.

The World Bank’s Logistics Performance Index (LPI) — which measures the ease of establishing reliable supply chain connections and the structural factors that make it possible in a country — placed India at the 38th rank. Singapore (1), China (19), New Zealand (26), Bahrain and Qatar (34) are among those who score higher. The LPI covers 139 countries.

Reducing the turnaround time for container ships at Indian ports can help the country improve its LPI ranking.

Mahesh Fogla, Executive Director, Patel Integrated Logistics, says the average now is 2.2 days when Dubai has 0.8 days. “Investing in training of logistics professionals ensures a skilled workforce capable of meeting international demands. By addressing these aspects comprehensively, India can boost its competitiveness and serve global customers better,” he says.

Why a state shipping line will help

Another major obstacle in India’s efforts to achieve efficiencies in trade is the absence of an effective shipping industry.

Experts have talked about the need for the country to develop its own shipping line to help manufacturers and exporters cut their dependency on foreign shippers.

Khemka alleges that global shipping lines levy freight rates as per their whim. Manufacturers and exporters, particularly the smaller ones, are at the mercy of these large companies.

Experts have time and again talked about the need for the country to develop its own shipping line. It will help domestic manufacturers, importers and exports cut their dependency on foreign shippers, and improve logistics costs. They point out that China COSCO Shipping Corporation Limited and China Merchants Group are two prominent state-owned shipping companies that help Beijing keep its lead on manufacturing and exports.

India's logistics sector did get a major push in the Interim Budget 2024 with the government announcing a plan to set up three major economic railway corridors to reduce congestion and move goods faster as well as reduce logistics costs. Finance Minister Nirmala Sitharaman had said these and the dedicated freight corridors would accelerate growth and reduce logistic costs.

Nitin Navneet Tatiwala, Vice President of FedEx Express, Marketing, Middle East, India Subcontinent & Africa (MEISA), says, "These policies can strengthen India's global market position and attract substantial foreign investment, driving innovation in our logistics solutions."

Experts say the government has to first talk to stakeholders and identify the key issues that need to be addressed, then it has to make policies to tackle these. Only then can the country hope to reach multiple markets and become an export powerhouse. It will also show that India means business.

Source: economictimes.com– May 02, 2024

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From spices to steel to drugs, India's exports are being hammered

If India has to become a developed country, it must push its exports because there is only so much it can consume domestically. China's stupendous economic growth was boosted by its exports. India must focus on exports to achieve a consistent 10 per cent economic growth in the long run, Arvind Panagariya, Chairman of the 16th Finance Commission, has said. The government is already trying to increase exports through various measures.

Despite global trade uncertainties, India's exports are charting a new course with bilateral agreements, free trade agreements (FTA) and uncharted territories like Africa, Latin America, and Central Asia. India has seen a surprising surge in exports of precious metals, minerals, automobiles, electronics, pharmaceuticals, organic chemicals, textiles, spices and defence equipment.

The implementation of initiatives such as Production-Linked Incentives (PLI) and the Make in India campaign has fueled export growth, particularly in electronics. India’s mobile phone exports surged 35% to a record $15 billion in FY24 from $11.1 billion in FY23, according to government data.

The government is now planning to develop e-commerce hubs in the country to broadbase India's export industry. Last year, the cross-border e-commerce trade was about $800 billion and it is estimated to reach $2 trillion by 2030. However, India's shipments through online medium is only $2 billion while China's e-commerce exports are about $350 billion,

Just as India tries to tap a huge export opportunity despite emerging and persisting geopolitical tensions that restrict movement of goods, it also faces strong challenges ranging from quality and trade restrictions. Two years ago, India-made cough syrups were linked to deaths of children in several countries.

Now, Indian spices have come under scrutiny for contamination. The developed countries are also putting environmental restrictions on India's exports.

Wrong turn on the spice route

Hong Kong and Singapore have reportedly banned the sale of popular Indian brands MDH and Everest after detecting carcinogenic chemical ethylene oxide in their products. This led to a mandatory recall from shelves. The primary violations in these incidents include the presence of ethylene oxide, a carcinogen used as a fumigating agent, and salmonella contamination, a common bacterial cause of foodborne illness.

Besides Hong Kong and Singapore, the US, Australia and Malé too have raised questions on the quality of spices supplied by Indian makers. India exported spices worth $692.5 million to these countries in FY24.

Economic think-tank Global Trade Research Initiative (GTRI) has said that nearly $700 million worth of India's spice exports to critical markets are at stake due to cascading regulatory actions in many countries. It cautioned that if the EU follows suit with a rejection across the bloc, it could impact an additional $2.5 billion of India's spice exports.

As per GTRI co-founder Ajay Srivastava, despite denials of any wrongdoing by major companies like MDH and Everest, their continued rejections by international bodies should have raised alarms with both the Spices Board and FSSAI much earlier.

Following international criticism, both the Spices Board and the Food Safety and Standards Authority of India (FSSAI) began routine sampling, yet no definitive statements about spice quality have been issued by these or any other government agencies, he said.

India has made a strong pitch at the World Trade Organization (WTO) for the formulation of guidelines to determine default maximum residue limits (MRL) in the absence of international standards. The traces pesticides leave in treated products are called residues and MRL is the highest level of a pesticide residue that is legally tolerated in food or feed.

In a recent submission to the WTO, India said that stringent MRLs can be trade-restrictive and act as non-tariff barriers to international trade, disproportionately affecting exporters from developing countries. At present there are no uniform international standards.

Diamonds under pressure

Diamond exporters in India are in a dilemma as their buyers of cut-and-polished diamonds in the US and Europe are demanding source declarations for even small diamonds that are currently exempt from sanctions imposed on Russia following the Ukraine invasion. All diamond houses in India have been alerted that missing paper trails and sloppy records would land them in trouble under the new sanctions regime that began on March 1 to block Russian gems from the affluent western markets.

From September, the Group of Seven (G7) advanced countries wants all rough diamonds to be verified in Belgium to ensure none have been imported from Russia. It is establishing “diamond traceability centres” in Brussels to eliminate all diamonds that originated in Russia.

Indian diamantaires had anyway stopped buying rough diamonds from Russia following Western sanctions, replacing them with roughs bought from the trading division of Anglo-American mining conglomerate De Beers for polishing and export.

But the G7’s diktat to certify all rough diamonds at Belgium’s new traceability centres from September means Indian exporters will have to ship roughs to Brussels before getting them back certified as not being of Russian origin before refining and exporting them. This will add to their overall costs.

Trouble in the pharmacy of the world

India over the last decade or so may have positioned itself as the ‘pharmacy of the world’, yet it struggles to establish itself as an elite player due to quality issues. Lax regulation and poor manufacturing practices have been held responsible for Indian medicines allegedly leading to deaths in some parts of the world. The World Health Organization (WHO) and other health agencies linked contaminated India-made cough syrups to the deaths of 70 children in Gambia, 65 in Uzbekistan and at least six in Cameroon in 2022.

The country's drugs and pharmaceuticals exports increased 9.67 per cent year-on-year to $27.9 billion in 2023-24, even as the total exports dipped by 3 per cent in the last fiscal. India's pharmaceutical industry is the third largest by volume and the 13th largest by value in the world, producing more than 60,000 generic drugs across 60 therapeutic categories. The government has rolled out two production-linked incentive (PLI) schemes to promote domestic manufacturing of key pharmaceutical ingredients and generic medicines.

Yet, poor manufacturing practices, failure to meet the best global standards and lax regulation pose a big challenge to pharma export growth. If India has to reach its huge growth potential in the pharma exports, it must tighten rules and streamline regulatory apparatus.

Green barriers

Policymakers worldwide are seeking to reduce carbon emissions in their fight against climate change, with steel traditionally among the most polluting industries. Europe's Carbon Border Adjustment Mechanism (CBAM) aims to subject imported goods such as steel to a levy to ensure its own strengthened pollution standards aren't undermined by trading partners. CBAM, along with other green trade barriers, can potentially deliver a big hit to Indian exports to the European Union (EU).

Indian steel mills have been among the most vocal about the potential impact of the tax, dubbing it a trade barrier, while the idea has triggered a hostile reaction from Russia and China too.

India has expressed serious concerns in a WTO meeting in Abu Dhabi recently over the increase in the use of trade protectionist measures by certain countries in the name of environment protection. Earlier too, India had flagged issues over the EU's decision to impose carbon tax on sectors such as steel and fertiliser; and adoption of deforestation regulation by the 27-nation bloc.

The CBAM will come into effect from January 1, 2026 for seven carbon-intensive sectors, including steel, cement, fertiliser, aluminium and hydrocarbon products. The CBAM will translate into a 20-35 per cent tax on select imports into the EU. India's 26.6 per cent of exports of iron ore pellets, iron, steel, and aluminium products go to the EU. These products will be hit by CBAM. India exported these goods worth $7.4 billion in 2023 to the EU.

Indian steel producers operate at a carbon intensity level well above the EU and global level, potentially exposing them to elevated charges, as they rely mainly on coal-based processes, Goldman Sachs analysts have said.

Among producers, Tata Steel Ltd. and JSW Steel Ltd. have the most direct exposure to the region, Goldman said, highlighting risks of weaker margins or lower sales.

The Asian Development Bank (ADB) has said in a recent report that the EU plan to impose tariffs on high-carbon imports could hurt developing countries in Asia but is unlikely to lead to big reductions in greenhouse gas emissions.

India's exports of products like coffee, leather hides, and paperboard worth $1.3 billion annually to the European Union are likely to be impacted due to the deforestation regulation adopted by the EU in May 2023.

Source: economictimes.com– May 02, 2024

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Gross GST collection in April shoots past Rs 2 trn to record high

For the first time, gross goods and services tax (GST) collection (prior to refunds) crossed the Rs 2 trillion mark, reaching a record Rs 2.1 trillion in April. This represented year-on-year (Y-o-Y) growth of 12.4 per cent.

Net GST receipts (after refunds) rose 15.5 per cent Y-o-Y to Rs 1.92 trillion in April, the finance ministry said in a statement on Wednesday. Comparable data of net GST mopup is available for only two more months — February and March — both of which showed much lower revenues than in April.

GST collections are typically the highest in April for any financial year. It will be interesting to see how many more months will clock more than Rs 2 trillion in gross GST collection in the current financial year.

The surge in GST collection was primarily driven by domestic activities, revenue from which increased 13.4 per cent Y-o-Y in April. Meanwhile, GST via imports rose by 8.3 per cent.

However, the integrated GST (IGST) on imports saw a moderate decline of around 2 per cent, falling to Rs 37,826 crore in April, compared to Rs 38,593 crore a year ago. The cess on imports fetched 2.4 per cent higher revenue, at Rs 1,008 crore versus Rs 984 crore a year ago.

The Union government settled Rs 50,307 crore to central GST (CGST) and Rs 41,600 crore to state GST (SGST) from the IGST collected. Union Finance Minister Nirmala Sitharaman revealed that the total settlement of Rs 91,907 crore was Rs 4,413 crore more than the actual IGST collections of Rs 87,494 crore.

"There are no dues pending on account of IGST settlement by the central government," she wrote on microblogging site X.

After the settlement of IGST collection, central GST (CGST) mop-up rose by 27.8 per cent Y-o-Y to Rs 94,153 crore in April, while state GST (SGST) revenue grew 25.9 per cent to Rs 95,138 crore.

All states and Union territories -- with the exception of the UTs of Jammu and Kashmir, Lakshadweep, and Andaman and Nicobar Islands, and the northeastern states of Sikkim, Nagaland, and Meghalaya -- witnessed a rise in GST collection in April on a Y-o-Y basis.

Sitharaman attributed the record GST collections to economic activities and efficient tax collections. "The GST collections cross the Rs 2 trillion benchmark, thanks to the strong momentum in the economy and efficient tax collections," she wrote on X.

Congratulating the Central Board of Indirect Taxes and Customs (CBIC), the revenue department, officers of state and central levels, the finance minister said: "Their sincere and collaborative efforts have achieved this landmark."

Many experts concurred that the robust GST collections should be attributed to the administrative measures by the GST authorities. "The concerted efforts of GST officers, including zero tolerance for non-filers, coupled with rigorous measures to combat fake invoicing and registrations, have significantly bolstered GST collections in the State's coffers," said Saurabh Agarwal, a tax partner at EY.

Some others attributed the robust GST collection in April to a rise in consumer demand for products to combat the scorching heat and brisk travel due to school and college vacations.

"The significant rise in domestic transactions can be attributed to consumer spending being focused on beating the summer heat with purchases like air conditioners and beverages, as well as increased travel during the long vacations from schools and colleges," said Sanjay Chhabria, a senior director at Nexdigm.

Experts believe that rising GST revenue should prompt the government to reform the tax system. "The GST growth rate of 17.1 per cent in April is almost double the 9.1 per cent growth in GDP at current prices (during 2023-24)... This has set the stage for pursuing forward-thinking reforms under GST 2.0," said Mahesh Jaising, partner at Deloitte India.

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

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India plans subsidies, tax sops to boost synthetic yarn manufacturing

A global leader in the 1990s, India's textile sector, which employs nearly 50 million, has been struggling for a while now. It grapples with limited capabilities for synthetic yarns, a market currently dominated by China, and for which global demand has been steadily rising.

India's share in the global synthetic textile market is a modest 5-6%. This has led to increased dependence on Chinese imports, a decline in Indian textile exports, and a loss of market share for the domestic industry.

To address these issues, the government is considering measures to boost domestic production capabilities of synthetic yarns by offering subsidies and tax incentives to set up advanced manufacturing units, and strengthen the sector's overall competitiveness, according to two people aware of the matter.

“The government is working on a plan to revamp small, informal weaving and processing units by upgrading their technology," one of the persons cited above said.

This aims to enable these units to manufacture products of global standards and compete with Chinese products, the person added.

Currently, the proposal is in the discussion stage, and its contours will be finalized soon.

These proposed incentives are over and above the production-linked incentive (PLI) scheme for the textile industry.

Schemes and aims

The government aims to attract ₹95,000 crore in investments over the next four to six years under the textile PLI scheme and the PM Mega Integrated Textile Regions and Apparel (PM-MITRA) park scheme. This initiative seeks to rejuvenate the sector and position India as a global textiles sourcing destination.

Announced in 2021 with an outlay of ₹10,683 crore, the scheme is to be implemented till 2029-30.

The government has also set a textiles production target of $250 billion by 2030, aiming to increase the sector's contribution to the economy.

India's textile exports fell to $34.40 billion in fiscal year 2024 (FY24) from $37.16 billion in 2018.

“With less than 40% of Indian textile exports being synthetic, despite developed countries' preference for such materials, India misses out on a substantial market segment. This also means failure of most Indian firms to connect to fast moving textiles global value chains," said Ajay Srivastava, founder, Global Trade Research Initiative (GTRI).

Imports, on the other hand, have risen. From 2018 to 2023, India saw a 25.46% increase in textile and garment imports, indicating unmet domestic demand.

Synthetic yarn and fibre imports, in particular, have shown rapid growth. For instance, the import of high tenacity nylon yarn surged from $467 million in 2018 to $1.031 billion in 2023.

“India must focus on enhancing synthetic apparel production, strengthening weaving and processing capabilities, becoming fast fashion compliant, negotiating non-tariff barriers, liberalizing labour laws, and improving contract enforcement," Srivastava added.

Queries emailed to the textiles ministry spokesperson remained unanswered until press time.

“Given the demand for essential products, the government is focusing on promoting synthetic yarns. This will be done in coordination with export promotion councils and other key stakeholders," the other person said.

Synthetic yarns are widely used in textiles and apparel, as well as home furnishings like curtains, upholstery, carpets, and rugs due to their durability and ease of maintenance. Key states involved in synthetic yarn manufacturing include Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh, Punjab, and Haryana.

Source: livemint.com– May 02, 2024

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Garment exports in Tiruppur resurge during Feb-Mar'24: TEA

Garment exports from Tiruppur resurged in February and March this year after enduring a prolonged period of sluggish demand.

Data from the Tiruppur Exporters' Association (TEA), shows, knitwear exports from Tiruppur grew by 6.4 per cent in February and by 5.6 per cent in March in dollar terms compared to the same period last year. This positive trend mirrors a broader uptick in total garment exports from the country, which increased by 4.8 per cent in February and a 1.7 per cent in March compared to the previous year.

K M Subramanian, President, TEA, notes, Bangladesh's duty-free access to Europe until 2027 alongwith India's anticipated trade agreement with the UK will help boost the competitiveness of Indian garments. As a result, major retailers are expected to focus on India with exports from Tiruppur to grow by 10 per cent the upcoming months.

Kumar Duraisamy, Joint Secretary, TEA, states, having depleted their inventory, smaller retailers from Europe are now actively replenishing it. Additionally, the fallout from last year's decline in orders led to approximately 20 per cent of MSME exporters in Tiruppur shuttering their businesses. Consequently, existing units are operating at full capacity, contemplating expansions, and facing a labor shortage of around 20 per cent in the region.

Source: fashionatingworld.com– May 01, 2024

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Labour shortage casts shadow on Tiruppur's knitwear export boom

Tiruppur's knitwear exporters smile as orders from the West bounce back, but a growing labour shortage has begun to cloud their sunny mood.

K M Subramanian, President of Tiruppur Exporters' Association (TEA) tells businessline that there is a "20-30 per cent" labour shortage.

There are around 2,000 knitwear factories in Tiruppur, a township near Coimbatore. A fifth of them are large, while the rest are MSMEs. They collectively employ about 8 lakh people, of whom 2 lakh are from north India.

In 2023-24, this cluster exported ₹31,000 crore worth of knitwear and sold another ₹27,000 crore in the domestic market. Exports were lower compared with 2022-23 (₹34,350 crore), which was mainly because of slowdown in Europe and the US, in the first nine months of the year.

However, orders have increased since January 2024, up 6.4 pr cent and 5.6 per cent in February and March, respectively. However, laborers from north India, who went away during Diwali have not returned in full numbers, resulting in the shortage. Their stay back has been attributed to the availability of employment opportunities in UP, Bihar, and Odisha.

(Lalit Thukral, President, Noida Apparel Export Cluster, told businessline that the cluster (4,000 units, 1,200 exporters, ₹40,000 crore sales) was also facing "10-15 per cent" labour shortage.)

For the Tiruppur cluster, getting local labour has always been a problem.

But can't the exporters raise wages to attract labour?

N Thirukkumaran, General Secretary, TEA, says that many companies have raised wages.

Usually, the annual wage increase would be between 10 and 15 per cent, for different categories of workers, but this time, it has been around 30 per cent. So far, this wage increase has not had the desired effect, perhaps due to a variety of factors such as the elections.

Tiruppur’s sustainability advantage

Tiruppur does have an edge over other exporters (such as Bangladesh, which has duty-free access to developed markets because of its ‘least developed country’ status). “Tiruppur is ‘carbon negative’,” says Subramanian. The cluster needs 250 MW of electricity capacity, but its units have together put 1,900 MW of wind and solar capacity—the surplus is exported to the grid. Tiruppur is also ‘zero liquid discharge’ -- 130 million litres of water is recycled daily—96 per cent of it is re-used. VETRY, an NGO formed by Tiruppur businesses has planted about 2 million trees, as approved by the forest department.

Furthermore, with its social activities, such as adopting government-owned schools and running medical camps, Tiruppur would score well on the ‘social’ point, too.

On the back of this, Tiruppur expects more business from the environment-conscious developed markets, especially after Bangladesh’s LDC status expires in 2027.

Also, the industry is eager to see the successful conclusion of the Free Trade Agreement with the UK. Thirukkumaran says that at a conservative estimate, Tiruppur’s exports to the UK could increase to ₹4,500 crore, from ₹3,000 crore now.

Against this backdrop, the emerging labour shortage could hamper the industry’s prospects.

Source: thehindubusinessline.com– May 03, 2024

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