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INTERNATIONAL NEWS

New tariffs and its impact on China-Mexico trade in textiles & apparel

The relationship between Mexico and China, particularly in textiles and apparel, has seen a dramatic shift in recent years. Data from the Observatory of Economic Complexity (OEC) shows bilateral trade skyrocketed from a mere $550 million in 1999 to over $110 billion in 2021, a 200-fold increase. This growth continued in 2022 with a 27 per cent increase over 2021.

Mexico-China trade shift

Statistics reveal before 2018, trade between Mexico and China had been on a steady rise. Post-2018, US-China trade war created an opportunity for Mexico. Chinese exports to the US dipped due to tariffs, and Mexico emerged as an alternative production hub. This led to an increase in China-Mexico trade, particularly in textiles and apparel.

In fact, US tariffs on Chinese goods significantly impacted global supply chains. Mexico became a prime beneficiary, becoming a "springboard" for Chinese products entering the US market. This trend is evident in the growth of container traffic between China and Mexico. Xeneta, a shipping data platform, reports a 34.8 per cent increase in annual growth in 2023 compared to a mere 3.5 per cent in 2022. In fact, Mexico surpassed China as the top source of US imports in 2023, highlighting this shift.

Mexico's new tariffs, a hurdle for China

Mexico's recent tariff hike, ranging from 5 to 50 per cent 544 products, including textiles and apparel, entering from non-free trade agreement countries like China, presents a new challenge for Chinese exporters in textiles and apparel, along with other sectors like steel and furniture. These tariffs specifically target countries without free trade agreements with Mexico, directly impacting China.

The Mexican government claims these measures aim to "provide certainty and fair market conditions" for domestic industries. However, analysts suggest a potential influence from the US, concerned about circumventing trade rules through Mexico.

Year	Bilateral trade (US$ billion)	Share of Mexico's exports to US (textiles & apparel)
2018	50	30%
2019	65	35%
2020	72	40%
2021	85	45%
2022 (Est.)	100	50%

Mexico-China trade in textiles & apparel (estimates)

China navigating uncertainties

The new tariffs raise questions about the future of China-Mexico trade. It could potentially lead to increased costs for exports to Mexico. And loss of market share in the US if alternative sourcing isn't found. Here are some potential scenarios for China.

- Diversification: China may explore alternative export destinations in Southeast Asia or Africa to reduce dependence on Mexico.

- Increased investment: Chinese companies might invest in Mexican manufacturing facilities to qualify for free trade benefits and avoid tariffs.

- Negotiations: China could attempt to negotiate a free trade agreement with Mexico to secure better access to the market.

- Value addition: Shifting focus to higher-value products with greater profit margins could help offset tariff impacts.

- Compliance: Ensuring products undergo substantial transformation in Mexico to qualify for preferential treatment under trade agreements.

Indeed, Mexico's tariffs could be a harbinger of challenges for China's export-driven economy. The situation underscores the need for China to diversify its trade partnerships and potentially adjust its manufacturing strategy in the face of a shifting global trade landscape.

Source: fibre2fashion.com– May 08, 2024

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China sees uptick in port activity in Q1 2024

China has witnessed a significant uptick in port activities during the first quarter of the year, as reported by the Ministry of Transport. The data indicates a 6.1 per cent increase in total cargo throughput across the nation's ports, reaching an impressive 4.09 billion tonnes.

This growth was particularly pronounced in the segment of foreign trade cargo, which surged by 9.5 per cent compared to the same period last year, amounting to approximately 1.31 billion tonnes.

Additionally, container handling showed a strong performance, with the ports managing 76.73 million twenty-foot equivalent units (TEUs), marking a 10 per cent rise year-on-year, according to Chinese media reports.

Source: fibre2fashion.com– May 07, 2024

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US Inbound Cargo Volumes Jump 19%, Outpacing Expectations

U.S. ports are reeling in more imported goods than expected yet again in 2024, handling 1.93 million 20-foot equivalent units (TEUs) in March, according to data from the Global Port Tracker report.

This represents an 18.7 percent year-over-year jump from March 2023 totals, when Asian exports were slow after Lunar New Year shutdowns, and also 7.2 percent ahead of previous projected totals of 1.8 million TEUs. All inbound cargo volume has exceeded forecasts in the first three months of the year, as per the monthly report comprised by the National Retail Federation (NRF) and maritime trade consultancy Hackett Associates.

This is a substantial harbinger of things to come for the summer season, when the Global Port Tracker anticipates that the top U.S. ports should consistently be above 2 million TEUs by May, for five months through September.

“Even with a shift in spending from goods to services, U.S. consumers continue to spend on goods,” Hackett Associates founder Ben Hackett said in a statement.

The volumes could also represent a stronger trade environment. The World Trade Organization’s April 2024 forecast predicted that world merchandise trade volume would grow by 2.6 percent in 2024, a swing from the 1.2 percent decline in 2023.

Ports have not officially reported April’s numbers, but Global Port Tracker projected the month at 1.96 million TEUs, which would be up 10 percent year over year.

May is forecast at 2.06 million TEUs, up 6.8 percent year over year and in line with October’s totals for the highest level of inbound cargo volume since the 2.26 million TEUs handled in August 2022.

Monthly volume has reached the 2 million TEUs mark only twice since a 19-month streak that ended in October 2022. “We haven’t seen numbers this high for this many months in almost two years,” said Jonathan Gold, vice president for supply chain and customs policy at NRF, in a statement.

"Regardless of what headlines about the economy might say, consumers are shopping and retailers are making sure they have merchandise on hand to meet demand. The supply chain has adjusted to recent disruptions and retailers will work to keep the flow of goods moving smoothly as the back-to-school and holiday seasons approach."

Seasonally adjusted retail sales in March excluding food services, motor vehicles, parts and gas stations was $615.9 billion, up 3.6 percent from year-ago totals, according to U.S. Census Bureau data.

The number comes in ahead of the NRF's total 2024 retail sales forecast, which are expected to increase between 2.5 percent and 3.5 percent to between $5.23 trillion and $5.28 trillion.

"We are still seeing a strong volume of goods flowing into ports despite global geopolitical turmoil, high interest rates and a slowdown in economic growth," Hackett said. "There has been a surge of container imports on all three coasts, with the strongest being the Gulf, followed by the Pacific and the East Coast. The issue now is whether this surge will continue or level off."

Port Houston, in particular, saw a strong March with a 23 percent year-over-year increase in container volume imports to 178,903 TEUs. Houston is the only Gulf Coast port whose data is monitored by the Global Port Tracker. Loaded imports increased 19 percent to 379,542 in Los Angeles during the month, while the Port of Long Beach had an 8.4 percent increase in inbound cargo volume to 302,521 TEUs

The first half of 2024 is expected to total 11.9 million TEUs of inbound cargo volume, up 13 percent from the same period last year. This is the third-straight report where the volume projections have been increased, with forecasts initially calling for 11.1 million TEUs back in February.

The upward-guided projections come at a time when the global supply chain is experiencing various headwinds, notably in the Red Sea where container shipping lines are continuing to divert ships around southern Africa in the wake of ongoing Houthi attacks, as well as the Panama Canal, which is starting to cut down on its restrictions as water levels rise.

And over the past month, the composition of cargo destinations is likely to look a little different, as ports like New York & New Jersey and Virginia see more containers while the Port of Baltimore remains closed. That port's operations have been shuttered since the Francis Scott Key Bridge collapsed after being hit by a container ship in late March.

Imports during 2023 totaled 22.3 million TEU, down 12.8 percent from 2022, the Global Port Tracker said.

Source: sourcingjournal.com– May 08, 2024

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German manufacturing orders decline in March 2024

Germany's real new orders in manufacturing were down by 0.4 per cent month-on-month (MoM) in March 2024 after seasonal and calendar adjustments, according to the latest data from the Federal Statistical Office (Destatis).

This modest decline was noted after a revision that showed a decrease of 0.8 per cent in February 2024, a revision from the initially reported increase of 0.2 per cent. However, when excluding large-scale orders, there was a slight increase of 0.1 per cent in March over February.

The three-month-on-three-month comparison paints a more concerning picture, showing a 4.3 per cent decrease in new orders from January to March 2024 compared to the previous three months, as per Destatis.

Breaking down the orders by product type, intermediate goods saw a decrease of 0.4 per cent compared to the previous month, while consumer goods experienced a rise of 0.7 per cent.

On the international front, foreign orders increased overall by 2 per cent, buoyed by a significant 10.6 per cent increase in orders from the euro area. In contrast, orders from non-euro area countries fell by 2.9 per cent. Domestic orders within Germany declined sharply by 3.6 per cent.

Turnover in manufacturing also reflected a downturn, decreasing by 0.7 per cent in March 2024 from the previous month. When adjusted for the calendar, turnover was down by 3.9 per cent compared to March 2023.

There was a contrasting positive revision for February 2024, which saw turnover increase by 1.1 per cent over January, revised from an initially reported increase of 2.2 per cent.

Source: fibre2fashion.com– May 10, 2024

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US cotton exports see notable increase over last week: USDA

Net sales of US Upland cotton totalled 253,700 RB (running bales, each weighing 226.8 kg or 500 pounds) for 2023-24, showing a notable increase from the previous week and the prior four-week average.

According to the export sales report from the US Department of Agriculture (USDA) for the week ending May 2, US cotton export sales increased for China (119,000 RB, including a decrease of 2,000 RB), Pakistan (36,300 RB), Vietnam (27,500 RB, including 1,800 RB switched from South Korea), Turkiye (21,500 RB, including a decrease of 400 RB), and Indonesia (19,600 RB, including 100 RB switched from Japan and a decrease of 2,100 RB). However, these higher shipments were offset by reductions for South Korea (500 RB).

Net sales of Upland cotton for 2024-25 reached 158,900 RB. The shipments were recorded primarily for Honduras (44,600 RB), South Korea (31,700 RB), Mexico (28,500 RB), Pakistan (22,000 RB), and Bangladesh (9,900 RB).

Exports of 249,600 RB were up 39 per cent from the previous week and 2 per cent from the prior four-week average. The primary destinations were China (102,300 RB), Turkiye (50,900 RB), Pakistan (20,400 RB), Bangladesh (18,100 RB), and Vietnam (13,300 RB).

Net sales of Pima cotton totalled 5,600 RB for 2023-24, up 22 per cent from the previous week but down 19 per cent from the prior four-week average. Increases primarily for India (2,100 RB), Peru (1,700 RB), China (900 RB), Thailand (400 RB), and Vietnam (400 RB) were offset by reductions for Guatemala (100 RB).

Exports of 8,200 RB were up 80 per cent from the previous week but down 10 per cent from the prior four-week average. The primary destinations were China (4,000 RB), India (1,800 RB), Vietnam (1,300 RB), Turkiye (500 RB), and Pakistan (300 RB).

Source: fibre2fashion.com– May 09, 2024

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Banned Chinese cotton found in 19% of U.S. and global retailers' merchandise, study shows

Traces of banned Chinese cotton were found in 19% of a sample of merchandise selling at U.S. and global retailers in the past year, a study showed, highlighting the challenges of complying with the U.S. law aimed at blocking imports of cotton linked to forced labor in China.

In the study released on Tuesday, researchers from natural resource analytics, isotope testing firm Stratum Reservoir and DNA lab Applied DNA Sciences analyzed garment samples, cotton swabs and shoes from big box retailers and e-commerce platforms. The firms declined to name the retailers whose merchandise they tested.

The scientists used isotopic testing, which can link cotton to specific geographic areas by analyzing the concentration of stable elements like carbon and hydrogen present in both the crop and the environment in which it has been grown, experts say. They tested the merchandise for traces of cotton from Xinjiang, the far western region of China.

The U.S. enacted a law in 2021 to safeguard its market from products potentially tainted by human rights abuses in Xinjiang, where the U.S. government says China is committing genocide against Uyghur Muslims.

China denies abuses in Xinjiang, a major cotton producer that also supplies much of the world's materials for solar panels.
Why it's important

For years, lawmakers and trade organizations have been trying to keep product made with forced labor out of the U.S. supply chain. But the study shows that the new law is not necessarily effective.

A federal report published in 2022 estimated that cotton from Xinjiang accounted for roughly 87% of China's production and 23% of the global supply in 2020 and 2021. Countries including Vietnam, Cambodia and Bangladesh — some of the world's largest producers of cotton clothing and consumer goods — still import large quantities of finished fabric from China. It then often makes its way to the U.S. in the form of apparel made by suppliers in those countries, according to the report.

By the numbers

Of the 822 products tested, 19% had traces of Xinjiang cotton, the researchers said. The study tested a sample of items from February 2023 through March 2024.

Of the items that tested positive for Xinjiang cotton, 57% featured labels that claimed the origin of the merchandise was U.S.-only, the researchers said.

Of the items that tested positive for Xinjiang cotton, two-thirds showed that the cotton had been blended with cotton and materials from regions outside of Xinjiang, they said.

One of the two firms, Applied DNA Sciences, declined to comment on which brands and retailers it analyzed. It said that it purchased goods within the U.S. and from e-commerce brands that ship to the country.

Source: japantimes.co.jp– May 08, 2024

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Can Legislation Fix Forced Labor and Civic Repression in Central Asian Cotton?

One step forward, two steps back. That appears to be the case for authoritative regimes like Uzbekistan and Turkmenistan, where cotton sourcing has been complicated by state-sponsored forced labor and curtailments on freedom of association and freedom of speech.

An update by the Cotton Campaign's front-line partners Turkmen.News and the Turkmen Initiative for Human Rights revealed this week, for instance, that public authorities stopped forcing teachers and doctors to pick cotton or pay for replacement pickers several weeks into the harvest in mid-September—a first in the 10 consecutive years that the organizations have monitored Turkmenistan's field activities.

While this development is "encouraging and may open a window of opportunity for reform," the report noted, the Turkmen government did not implement actions indicating "any deeper policy changes," such as holding officials who employed forced labor accountable or making statements condemning the practice. Other categories of state employees, such as those working at schools, hospitals, utility organizations, public agencies and state-owned factories, likewise continued to be dragooned into service—or pressured into shelling out for stand-ins.

Then there's the fact that the country's cotton production still relies on the exploitation of farmers who must meet aggressive production quotas or risk getting fined or losing their land, said Farid Tukhbatullin, chairperson of the Turkmen Initiative for Human Rights. With the state setting the price of cotton, farmers can "barely cover their expenses, often ending up in debt," he said.

"It's a vicious circle of exploitation," Tukhbatullin said. "To be able to pay the state for the inputs they receive, farmers need to sell their livestock or find another way to pay, with equally dire consequences on their livelihoods.

Otherwise, they accumulate more debt every year. The Turkmen government should introduce structural reforms to address forced labor, exploitation, and corruption in all aspects of the agricultural sector."

Still, the wobble in recruitment is a “sign” that change—however minute—is possible, said Allison Gill, forced labor program director at the Global Labor Justice-International Labor Rights Forum, the Washington, D.C. nonprofit that hosts the Cotton Campaign, a multi-stakeholder initiative that seeks to eliminate state-sponsored forced labor in Central Asia. For anyone who “cares about labor rights” in Turkmenistan, including brands outside of the United States, where a Withhold Release Order against Turkmen cotton has been active since 2018, it’s also an indication not to “take their foot off the gas.”

“Pressure works,” said Gill, pointing out that the move coincides with a visit to Turkmenistan by an International Labour Organization mission, which the Turkmen government invited to monitor the harvest following the signing of a so-called roadmap for cooperation in 2023. “It’s the pressure that has gotten us to this point.”

It took a decade-plus freeze-out of cotton from Uzbekistan, after all, before local observers described a “breakthrough” in the elimination of systematic child and forced labor due to a government overhaul. This led the ILO to declare Uzbek cotton “free” of child and forced labor and the Cotton Campaign to drop its brand-led boycott in 2022. The same year, the U.S. Department of Labor struck cotton from Uzbekistan off its annual list of goods produced by child labor or forced labor.

But Uzbekistan is at risk of “backsliding,” the Cotton Campaign warned in February after the Uzbek Forum for Human Rights, another front-line partner, found a “distinct” increase in reports of coercion in interviews and across social media during the 2023 harvest. Observers also witnessed some mobilization taking place to fulfill cotton production targets—even though those targets were supposed to have been eradicated by reforms.

Independent voices are also being quashed, the organization said. Last week, Umida Niyazova, founder and director of the Uzbek Forum, was ambushed by two men she did not know outside the home of journalist and activist Sharifa Madrakhimova in the Fergana region, where she had been meeting with cotton producers. One of them accused Niyazova of “organizing information attacks against Uzbekistan” while filming her on his phone.

Concerned about her safety and that of the activists she was meeting, Niyazova immediately flew back to Berlin, where she has lived since she was imprisoned and her Uzbek citizenship revoked due to her human rights work. A few days later, one of the men posted a video on YouTube titled “How much do information attacks on Uzbekistan cost?”

Niyazova wasn’t assaulted, she said, though one of the men grabbed the door handle of the car she and Madrakhimova were leaving in to prevent it from closing. “The most disappointing thing was that I had to stop my travel,” she said.

One thing that puzzles Niyazova is how the men knew where she was. She thinks that the State Security Service, the Uzbek government’s national intelligence agency, had been keeping track of her movements and using the men to send her a message about keeping quiet. The irony, she said, is that it was her organization’s monitoring that paved the way for Uzbek cotton’s return as a sourcing consideration in the first place.

Uzbekistan’s ministry of investments and foreign trade, responding to a complaint of harassment from the Cotton Campaign, said that it had investigated the incident and that the men were only trying to interview Niyazova and that there was no intention of threatening behavior.

But Niyazova’s words just a few years ago—that the door to Uzbekistan has opened but there’s a risk that it could still “slam shut—have proven prophetic, she said. The much-vaunted reforms, Niyazova said, were done to “fix the economy.” Without liberal reform that includes independent expression and other civic freedoms, Uzbekistan remains a “strict authoritarian, repressive regime” replete with censorship and surveillance.

“I think it’s a bad signal,” Gill said of what happened to Niyazova. “I do see this as part of that larger crackdown on the shrinking of the civic space. We’ve seen a lot of restrictions on people who speak out who are perceived to be critics who, expose uncomfortable truths.” The response by the ministry, she added, was “insufficient.”

“I think everyone wants to see Uzbekistan become a place with good jobs in the textile sector, but they haven’t taken the steps to really create the conditions for transparency, for labor compliance and for the empowerment of workers and farmers to do basic things like bargain collectively, protect their rights, organize, have independent trade unions,” she said. “I think the focus on Uzbekistan has been so squarely on the elimination of state-imposed forced labor that they’ve kind of dropped the ball. We're a little bit behind where they need to be in terms of recognizing the importance of other fundamental labor rights."

In other words, the boycott drop shouldn't serve as an automatic "green light" for Uzbek cotton, as Gill said a couple of years ago. Sourcing in the country depends on the conditions [where] cotton production is taking place. Compliance is also "in everybody's interest," she said, especially with due diligence and forced labor legislation coming down the pike in the European Union.

"I think those laws are going to make it very clear that due diligence goes beyond just forced labor," Gill said. "So for Uzbekistan, they did eliminate state-imposed forced labor—that's significant. But other labor rights violations [and] other human rights impacts are part of what CSDDD covers. And so for companies that need to be CSDDD-compliant, they're going to need systems and counterparts who can monitor for other labor conditions and really resolve those issues."

That goes double for Turkmenistan as well, though the EU forced labor regulations's product-by-product approach, which some human rights experts have criticized, could make enforcement difficult.

"We're going to need to look at the broader mechanisms that bring all of cotton in Turkmenistan into scope," Gill said. "Or for Xinjiang [in China], even more so. I think we still hope that some of those regulations will help capture these nuances."

Source: sourcingjournal.com– May 09, 2024

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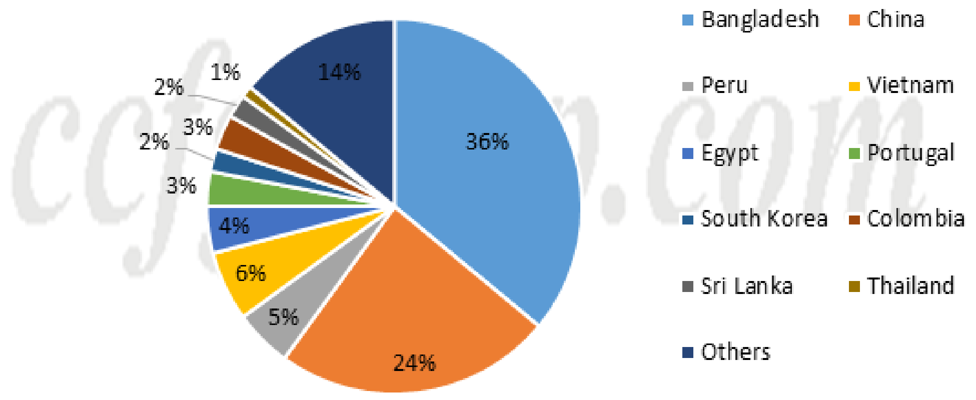
China's imports of Indian cotton yarn increased sharply

According to the latest import and export data, the total export volume of Indian cotton yarn (HS code 5205) in February 2024 was 100,600 tons, an increase of 29.74% year-on-year and 22.38% month-on-month.

China continues to maintain the second position in the Indian cotton yarn export market, with the export volume to China in February being 23,797.03 tons, an increase of 0.82% year-on-year and 55.61% month-on-month.

Shares in Indian cotton yarn export market in Feb 2024



Shares in Indian cotton yarn export market in Feb 2024

Country	Exports(Jan 2024) ton	Proportion	Exports(Feb 2024) ton	Proportion	Change
Bangladesh	32607.09	40%	36438.49	36%	↘
China	15293.08	19%	23797.03	24%	↗
Vietnam	4217.12	5%	6162.04	6%	↗
Peru	4358.91	5%	5009.89	5%	→
Egypt	2984.09	4%	3852.43	4%	→
Portugal	2628.15	3%	2881.03	3%	→
Colombia	1773.95	2%	2804.37	3%	↗
South Korea	2377.78	3%	2158.27	2%	↘
Sri Lanka	1634.40	2%	1810.42	2%	→
Thailand	774.57	1%	1472.56	1%	→

In terms of the market share of Indian cotton yarn exports in February, China maintained its second position with around 24% of the export market, showing a 5% increase compared to January 2024. Bangladesh remained the top exporter of Indian cotton yarn with a share of about 36%, a decrease of 4% from January. Vietnam and Peru followed as the third and fourth largest export markets for India in February, with shares of 6% and 5% respectively. The market shares of other countries were below 5%. Apart from Bangladesh and South Korea, the market shares of exports to other countries either increased or remained stable compared to January 2024.

Indian cotton yarn exports in in Feb 2024 (ton)				
Country	Feb-23	Feb-24	y-o-y	m-o-m
Total exports	77562.32	100627.19	29.74%	22.42%
Bangladesh	18711.48	36438.49	94.74%	11.75%
China	23603.43	23797.03	0.82%	55.61%
Vietnam	3518.29	6162.04	75.14%	46.12%
Peru	3218.99	5009.89	55.64%	14.93%
Egypt	3427.64	3852.43	12.39%	29.10%
Portugal	4118.23	2881.03	-30.04%	9.62%
Colombia	1215.73	2804.37	130.67%	58.09%
South Korea	2489.18	2158.27	-13.29%	-9.23%
Sri Lanka	1325.22	1810.42	36.61%	22.42%
Thailand	796.39	1472.56	84.90%	11.75%

In February, Indian cotton yarn exports to China increased slightly year-on-year and rose significantly month-on-month. From the year-on-year changes, Colombia saw the largest increase with a 130.67% rise.

In terms of month-on-month changes, Colombia also experienced the highest increase. As the second largest export market for Indian cotton yarn, the exports to China increased by 55.61% compared to the previous month.

In Feb 2024, in the four mainstream Indian cotton yarns, except for the combed single yarn 25-30s, exports of the other three cotton yarns to China increased year-on-year.

From the month-on-month changes, the largest increase in export volume to China in February was combed single yarn 30-47s. In Feb, the main varieties of Indian cotton yarns exported to China was carded single yarn 8-25s, accounting for 41.86% of the total, with an export volume of 9960.70 tons. The combed single yarn 8-25s and combed single yarn 25-30s accounted for 24.75% and 12.44% respectively. The combed single yarn 30-47s accounted for 13.24% of the export volume, with a total of 3150.26 tons exported.

Indian cotton yarn exports to China by variety in Feb (tons)					
Varieties	Feb-23	Feb-24	y-o-y	m-o-m	Proportion
Carded single yarn 8-25s	8,484.82	9,960.70	17.39%	48.52%	41.86%
Combed single yarn 8-25s	5,476.74	5,890.32	7.55%	100.12%	24.75%
Combed single yarn 25-30s	5,266.92	2,961.28	-43.78%	11.92%	12.44%
Combed single yarn 30-47s	2,980.41	3,150.26	5.70%	125.62%	13.24%
Total	22,208.90	21,962.60	-1.11%	60.40%	92.29%

In summary, Indian cotton yarn exports increased year-on-year and month-on-month this month, with the main export markets being Bangladesh, China, Vietnam, and Peru. Similarly, exports to China in Feb also increased year-on-year and month-on-month.

In Feb 2024, the export of the four main Indian yarns exported to China largely showed increases compared to the previous year and month. Indian carded single yarn 8-25s exports were still the largest among the exports of the four mainstream Indian cotton yarns.

Source: ccfgroup.com– May 06, 2024

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Australian retail sales continue downward trend in March quarter

Australian retail sales volumes have experienced a decline in the March quarter of 2024, falling by 0.4 per cent from the previous quarter, according to the latest data from the Australian Bureau of Statistics (ABS). This downturn follows a modest rise of 0.4 per cent in the December quarter of 2023 and a decrease of 0.2 per cent in the September quarter of the same year.

Clothing, footwear, and personal accessory retailing saw the most significant increase at 1.3 per cent, followed by other retailing sectors which rose by 0.5 per cent.

The March quarter's results mark the fourth consecutive quarter of year-on-year declines, with retail volumes now 1.3 per cent lower than the same quarter in 2023. On a per capita basis, retail volumes have fallen for the seventh consecutive quarter, registering a 1 per cent drop from the previous quarter and a significant 3.6 per cent decline compared to last year, as per ABS.

Retail prices saw a noticeable increase, rising by 0.6 per cent in the March quarter, a rise from the 0.2 per cent increase seen in the December quarter, according to the consumer price index data.

Geographically, the majority of Australian states and territories experienced a fall in retail volumes. However, the Northern Territory and Tasmania bucked this trend, recording rises of 0.5 per cent and 0.3 per cent respectively.

“Retail sales volumes fell for the fifth time in the past six quarters. The only rise in volumes over the past 18 months was the December quarter last year as extensive discounting from Black Friday sales boosted volumes,” said Ben Dorber, ABS head of retail statistics.

Source: fibre2fashion.com– May 08, 2024

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Turkiye to work with Germany to reach $60-bn bilateral trade target

Turkiye will continue to work with Germany to achieve the $60-billion bilateral trade target, the former's ambassador to the latter Ahmet Basar Sen told the eighth Turkish-German Economy Day event in Dusseldorf recently.

Bilateral trade volume between both sides exceeded $50 billion by the end of 2023, he noted.

Foreign trade volume between Turkiye and Germany's North Rhine-Westphalia state, the largest in economic size in the country, was worth $11.34 billion last year. Eight hundred and fifty Turkish companies have invested in the region, he said.

The event was organised by the Association of Turkish Entrepreneurs and Industrialists in Europe (ATIAD).

"We are proud of the economic vitality made possible by Turkish people in Germany ever since the 1960s, with the companies they established with large capital, as well as our young people and people with experience who created lives for themselves, working in many sectors of Europe and Germany," Sen was quoted as saying by Turkish media reports.

Turkish President Recep Tayyip Erdogan visited Germany in November last year and his German counterpart Frank-Walter Steinmeier visited Turkiye at the end of April, he noted.

"Turkiye's full EU membership and its participation in the single market is the ultimate goal," he added.

Source: fibre2fashion.com– May 07, 2024

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Bangladesh: Denim goods exporters eye $10b exports by 2030

Owing to innovative designs and being comfortable to wear, the demand for denim and denim-related products has augmented in recent years.

This facilitated Bangladesh to conquer the global denim market by becoming a top supplier of the popular garment items to the Western market including the European Union countries and the United States.

Entrepreneurs said that their hard work and innovative ideas helped them reach their position in the global market.

But they also have a huge opportunity to increase their market share thereby adopting automation, sustainability, and ensuring data availability, compliance, recycling, as well as innovations.

Entrepreneurs also said they have increased their investments from Tk8,000 crore to Tk26,000 crore in a decade in the denim industry of the country.

Talking to the Daily Sun, Managing Director of Sparrow Apparels Ltd Shovon Islam informed that Bangladesh currently exports denim products constituting 14% of total readymade garment exports worth US$47 billion.

"We have a great chance to increase our global share of denim item exports by adopting automation and ensuring data availability, recycling, and innovations."

He informed, "We are holding a top position in denim exports and our market share is now 8%. But we want to increase the value to $10 billion by 2030 from the $8 billion now."

Shovon Islam, also a member of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), stated that there are currently 40 denim fabric mills in the country.

Entrepreneurs invested Tk26,000 crore in the denim sector and the sector's growth is 5% annually. At present, 60% of raw materials are collected from local sources.

The company's principal exportable products are woven tops, bottom and outerwear, pants, shirts, jackets, and trousers.

According to the Export Promotion Bureau, Bangladesh exported readymade garments (RMG) of $46,991.61 million in the fiscal year 2022-23. Of this, knitwear comprised $25,738.20 million and woven garments $21,253.41 million.

Better margin, better future

Denim experts at a seminar of the 16th edition of the Bangladesh Denim Expo on Monday underscored the need for sustainability, using modern technology, and ensuring data availability to take the untapped potential of the global denim market.

Managing Director of Ananta Group Sharif Zahir said the denim was the first product of the company. It has a better margin and a better future.

"Bangladesh has already gained its top position exporting the products. But there is a lack of knowledge, data, and compliance," he said.

Zahir added, "Competitive prices of the products, sustainability, recycling and new technology are also challenges for entrepreneurs."
He pointed out that local investors are investing in the denim sector to take the opportunities.

M&J Group director Munir Ahmed said they have to face a challenge owing to the increasing cost of production.

"The denim market is growing in the international market. We have advantages to take it thanks to geographical location. Now, we should improve our image and expand to new markets," he added.

Asif Ashraf, Managing Director of Urmi Group, said Bangladesh is exporting 75% cotton-made products. The country has a lot of opportunities in exports of manmade fiber (MMF) products, he added.

"We gained second position in the RMG exports and top in denim items exports in the international market thanks to our hard work. Now we need policy support from the government to expand our MMF items. Besides, we have to strengthen our backward linkage industry," he opined.

CEO at Tex Fasteners Deepak Shah said harmful chemicals are used to produce denim products. “Entrepreneurs should focus on environmental issues and sustainability.”

Two-day Denim Expo begins Monday at ICCB

In order to showcase innovative and upcoming products as well as knowledge sharing on future denim trends, the 16th edition of the Bangladesh Denim Expo is underway at the International Convention City, Bashundhara (ICCB) in Dhaka on Monday.

Over 60 exhibitors from 11 countries including India, China, Pakistan, Turkey, Italy, France, Spain, Switzerland, Vietnam, and Japan are set to attend the event, organised by the Bangladesh Apparel Exchange (BAE).

Participant categories include fabric mills denim and non-denim, garment manufacturer, washing & laundry, accessories & trims, chemicals, machineries or technology, and logistics.

Source: daily-sun.com– May 07, 2024

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Europe's secondhand clothing market to reach $36,368.10 million by 2034: Report

Thriving on a wave of eco-consciousness and fashion savvy, Europe's second-hand clothing is likely to grow at CAGR of 7.70 per cent to $36,368.10 million by 2034 from $17.3 billion in 2024. As per a report by the Future Market Insights, this growth will be driven by easing of the purchase and sale of pre-loved clothes by websites and apps like Depop and Vinted.

Consumers continue to embrace individuality by personalising their second-hand garments. Resale businesses are also launching their own DIY workshops and customisation services. Fashion influencers are promoting second-hand clothing, particularly among younger generations, making it trendy and desirable.

While the women's segment dominates, Italy, Germany, France, and Spain each show unique growth patterns within the European market. Major players like Depop and Vestiaire Collective are capturing consumer interest with innovative strategies while traditional retailers continue to launch their own second-hand offerings.

Lines between high-end fashion and sustainability are becoming increasingly blurred with the growing collaborations between luxury brands and resale platforms. Recent acquisitions and partnerships, like Poshmark buying Premium Garage Sale and H&M entering the resale space, highlight the industry's dynamism.

However, a few consumers continue to associate second-hand clothing with being used or of lower quality. Concerns about condition and logistical hurdles like managing inventory and shipping also threaten to deter the industry's growth.

To thrive in this competitive environment, innovation, brands need to adapt to emerging trends besides prioritising sustainability. This will help ensure a bright future for Europe's second-hand clothing market.

Source: fashionatingworld.com– May 09, 2024

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Bangladesh, UAE pledge economic cooperation boost

Bangladesh and the United Arab Emirates (UAE) have reaffirmed their commitment to enhance economic collaboration, as declared during a meeting between finance minister Abul Hassan Mahmood Ali and UAE's state minister of Foreign Trade, Dr. Thani bin Ahmed Al Zeyoudi, in Abu Dhabi recently.

The discussions emphasised shared aspirations to bolster trade, investment, and development cooperation for mutual prosperity. Highlighted areas of collaboration include energy security, focusing on renewable energy, seaport management, aviation, infrastructure construction, and advancements in artificial intelligence and other technologies.

Ali stressed the need to elevate bilateral ties to a comprehensive economic partnership level.

Both ministers emphasised the importance of activating the Joint Business Council and finalising the Comprehensive Economic Partnership Agreement (CEPA) as both countries commemorate 50 years of diplomatic relations.

A high-level UAE delegation is scheduled to visit Bangladesh in the coming months to explore investment opportunities and identify new areas for mutual benefit even as Bangladesh also sought increased financing from ADFD (Abu Dhabi Fund for Development) and other UAE financial institutions.

Beyond bilateral matters, discussions encompassed regional and global economic challenges, affirming commitments to multilateral cooperation for sustainable development.

Ambassador Abu Zafar of Bangladesh and additional secretary Anwar Hossain of ERD accompanied finance minister Ali, while UAE's state minister was supported by concerned senior officials.

Source: fibre2fashion.com– May 09, 2024

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Bangladesh garment leaders seek more investment from China, want to narrow trade gap

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has underscored the importance of increased investment from China and bolstered exports to the Chinese market in narrowing the trade gap between the two countries. Highlighting the vast trade potential between Bangladesh and China, BGMEA President SM Mannan Kochi stressed the need for bilateral collaboration to realise these opportunities.

His remarks came during a courtesy call by a delegation from the Bangladesh China Chamber of Commerce and Industry (BCCCI) at the BGMEA Complex in Dhaka on Monday (6 May), reads a press release today. The BCCCI delegation included Advisor Md Khorshed Alam, General Secretary Al Mamun Mridha, Vice President Md Shahid Alam, and Directors Meherun Nessa Islam and Syed Aminul Kabir.

The meeting was also attended by BGMEA Senior Vice President Khandoker Rafiqul Islam, vice president Abdullah Hil Rakib, Directors Md Nurul Islam, Md Zakir Hossain and former vice president of BGMEA Mohsin Uddin Ahmed Niru. Discussions during the meeting centred on various issues of Bangladesh's ready-made garment industry, including its current status, global market trends, challenges, and potential avenues for growth and development.

They also discussed ways of identifying and capitalising on opportunities for enhanced bilateral trade and investment between Bangladesh and China.

The BGMEA leaders highlighted China's significance as a major exporter of man-made fibers, dyes, chemicals, textile machinery, and other raw materials, suggesting that Chinese investors could invest in Bangladesh's man-made textile sector to meet its growing demand.

They expressed optimism that such collaboration would yield mutual benefits for both countries. The BGMEA president sought the cooperation of the BCCCI in narrowing the trade gap with China, underscoring the importance of collective efforts in achieving this goal.

Source: tbsnews.net– May 07, 2024

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NATIONAL NEWS

Indian exports up in 115 nations out of 238 destinations in 2023-24

These 115 export destinations, which account for 46.5 per cent of India's export basket, include the US, UAE, Netherlands, China, UK, Saudi Arabia, Singapore, Bangladesh, Germany and Italy.

The country's merchandise exports decreased by 3 per cent to $437.1 billion in the last fiscal. However, services exports rose to $341.1 billion in 2023-24 as against $325.3 billion in 2022-23.

According to the report, despite persistent global challenges, overall exports (goods and services together) hit the highest level in 2022-23.

Overall exports reached $778.2 billion in 2023-24 as compared to $776.4 billion in 2022-23, registering a marginal growth of 0.23 per cent.

The share of India's merchandise exports has also increased marginally from 1.70 per cent in 2014 to 1.82 per cent in 2023. India's rank in world merchandise exporters too has improved from 19th to 17th during the same period.

Further, India's export to its top 10 destinations witnessed a 13 per cent year-on-year increase in 2023-24.

The UAE has emerged as the primary destination, with a substantial 12.71 per cent growth in export value at $35.6 billion.

Similarly, exports to Singapore that surged by 20.19 per cent to $14.4 billion, to the UK (up 13.30 per cent to USD 13 billion), and to China (up 8.70 per cent to USD 16.7 billion) also recorded healthy growth indicating a sustained demand for Indian products.

The data showed that the exponential growth rates observed in countries like Russia (35.41 per cent), Romania (138.84 per cent), and Albania (234.97 per cent) underscore the exploration of new markets.

"Strengthening trade relations with these nations could unlock untapped opportunities and bolster India's overall export competitiveness," an official said.

The country's outbound shipments to regions including CIS (commonwealth of independent states, Oceania and Europe too witnessed expansion during 2023-24 over 2022-23.

The top five export destinations driving export growth in CIS region during 2023-24 are Russia, Uzbekistan, Ukraine, Armenia and Tajikistan.

Similarly, the top five destinations driving India's export growth in Oceania region in the last fiscal are Australia, Timor Leste, Samoa, Vanuatu and Solomon Island.

And in Europe, the major countries where Indian exporters recorded healthy growth in their shipments during 2023-24 are the UK, Romania, Albania, Netherland and Greece.

On the commodities front, as many as 17 items have registered an increase in exports in 2023-24 over the last financial. These sectors constitute 48.4 per cent of India's export basket.

These sectors include engineering, electronic goods, pharmaceuticals, and cotton yarn/fabrics/handloom products.

However, there were notable decline in key sectors in the last fiscal such as petroleum products (- 13.66 per cent) and gems and jewellery (-13.83 per cent).

According to the data, of the 229 source nations, India's imports have declined from 124 countries in 2023-24.

The top 10 source countries, which constitute 59.3 per cent of India's import basket, include China, USA, Saudi Arabia, Indonesia, Russia, and Switzerland.

Decline in imports are reported from countries like the UAE, Qatar, Kuwait and Oman and it highlights the need for India to bolster its trade relations, especially with GCC (Gulf Cooperation Council) member countries, the official said.

"While some declines may stem from market dynamics or economic conditions, they also present opportunities for policy makers to reconsider trade strategies, prioritize domestic production, and foster indigenous industries," the official added.

Meanwhile, India Exim Bank on Thursday projected that India's merchandise exports would rise by 12.3 per cent to $116.7 billion during April-June this fiscal.

"Positive growth in India's exports could be as a result of India's strong GDP growth fundamentals and outlook, sustained momentum in manufacturing and services sector, backed by expected global easing of monetary tightening spurring global demand, and to some extent due to base effect," it said in a statement.

The outlook is, however, subject to risks of uncertain prospects for advanced economies, geopolitical shocks, the Middle East crisis leading to the intensification of the Red Sea crisis and deepening geo-economic fragmentation, among other factors, it added.

Source: economictimes.com– May 09, 2024

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India's retail market to surpass $2.2 trillion by 2030, 90% sales to be offline: Report

India's retail market is poised to cross $2.2 trillion by 2030, with approximately 90% of sales expected to occur offline, according to the report by Accel, Fireside Ventures and Redseer Strategy Consultants. The report also finds that a substantial portion of all purchases are to be influenced by what consumers see online across categories.

The report titled 'The Decoding Omnichannel: Strategies for D2C Brands' that Indians conducted nearly 24 billion online searches in different categories annually to learn more about a product before purchase, while 60% of the total value concentrated in food and grocery, followed by fashion and lifestyle.

The report stated that consumers are moving across various channels at different stages of the purchase funnel. They are increasingly searching across categories before making a purchase online, and brands must be where their customers are.

For instance, in sectors like jewellery, customers browse online, but ultimately make their purchases offline, in stores, after accurately assessing factors like fit and style in person.

"We've seen the journey of Indian consumer brands over the last decade and a half where a lot of pioneer brands and platforms established online as a viable channel. With that accomplished, the players are evolving towards the next step of broadening their focus by serving consumers where they are, be it online or offline.

One prominent example of this would be Mamaearth, which having started as an online D2C brand, is driving a significant chunk of its topline from offline retail stores.

While some brands have shown the way, brands/platforms will have their unique journeys as they move omnichannel/multi-channel and that'll include nuanced decisions on channel strategy across the consumer journey based on the product category and consumers' maturity," said Anil Kumar, founder and CEO of Redseer Strategy Consultants.

D2C Brands are also suitable for leveraging omnichannel strategies across different consumption categories. They have already nailed online retail, and can now use product innovation, data-driven marketing insights, and technological prowess to further scale offline channels, said the report.

"The fusion of online and offline presence is distinctly Indian, reflecting the unique preferences and behaviors of Indian consumers. It bridges trust and convenience barriers, accommodating a shopping journey characterized by a mix of traditional values and modern conveniences. Agrostar, for instance, delivers an omnichannel experience to farmers in rural India, who both embrace the convenience of online ordering and still value the tactile experience and personal interaction of in-store pickups," said Prashanth Prakash, Partner at Accel. "While the first generation of omnichannel brands focused on building omnichannel technology, the next generation will introduce new, uniquely Indian business models and solutions."

Although there is no one size that fits all, the need for a combined online and offline experience is uniquely Indian. It bridges trust and convenience barriers and standalone approaches and provides customers with a shopping experience tailored to their needs.

Kanwaljit Singh, Founder and Managing Partner of Fireside Ventures, said, "For every Sweet Karam Coffee that leverages q-commerce as a discovery channel, there's a boAt that uses it to drive e-commerce bestsellers front and centre. While no single formula works across categories, we have several learnings to share. We believe consumer brands should be omniprepared for omnichannel. The report, 'Decoding Omnichannel strategy for D2C brands,' in collaboration with Accel, includes frameworks and learnings from digital-first brands who have done this before, and blind spots to avoid before taking the plunge."

Source: thehindubusinessline.com– May 09, 2024

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Exim Bank expects 12.3% growth in exports during Apr-Jun quarter to $116 bn

The Export-Import Bank of India on Thursday said India's merchandise exports would grow by 12.3 per cent year-on-year to USD 116.7 billion in the April-June quarter this fiscal.

"These positive growth rates are expected to be witnessed in continuation of the positive growth witnessed during the last two quarters of the previous financial year," India Exim Bank said in a statement.

The positive growth in India's exports could be the result of the country's GDP growth fundamentals and outlook, and sustained momentum in the manufacturing and services sector, it added.

"Export-Import Bank of India forecasts India's total merchandise exports to amount to USD 116.7 billion, witnessing a y-o-y growth of 12.3 per cent," it said.

It added that the growth in exports is expected to continue to witness a positive momentum in the forthcoming quarters.

However, it cautioned that the outlook is subject to risks of uncertain prospects for advanced economies, geopolitical shocks, and the Middle East crisis, leading to the intensification of the Red Sea crisis and deepening geoeconomic fragmentation, among other factors.

Source: business-standard.com– May 09, 2024

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Facing delays, exporters seek priority shipment for MSMEs

Indian exporters have sought priority shipment facilities for local micro, small and medium enterprises (MSME) as transhipment of Bangladesh's export cargo to third countries through the Delhi Air Cargo complex is causing delays, inflating freight expenses. The Noida Apparel Export Cluster (NAEC), where 80% of the apparel production and export units are MSMEs, has sought a 25% quota for such units in the cargo with priority in shipment. Air freight has quadrupled in the past two months, say exporters.

Last year in February, India allowed the Delhi Airport to act as a cargo transhipment hub between Bangladesh and other export destinations, thereby expanding the existing transhipment policy through the Kolkata Air cargo complex. "The cargo slots at Delhi Airport are swamped with Bangladesh shipments, resulting in their exporters benefitting at the cost of Indian exporters," said Lalit Thukral, President NAEC.

After the Red Sea crisis, a lot of traffic has shifted to the air mode. Items such as leather goods, which were conventionally not shipped by air, are now being transported via flights, pushing up air freight. The cargo that cost ₹35 per kg to be shipped to Europe via air three months ago, is now being shipped at ₹140 per kg.

"India has given transit facility to Bangladesh export cargo from Delhi Airport besides Kolkata. Simultaneously, air freight has also increased because of the geopolitical situation including Red Sea crisis. We have taken this up with commerce department as it has led to delay in export cargo particularly of MSMEs due to space constraints , on some of the busy routes, in regular flights," said Ajay Sahai, director general, Federation of Indian Export Organisations.

The Apparel Export Promotion Council has sought suspension of the transshipment facility to Bangladesh. "Textile exporters in Bangladesh already receive several benefits such as subsidies from the government and have preferential treatment under the free trade agreements. The transhipment policy has further compounded the situation for Indian exporters," added Thukral.

Source: economictimes.com– May 08, 2024

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Volumes and better demand should drive growth in textiles: Punit Lalbhai, Arvind & Anup Engg

I think the share of exports is already quite healthy at 40%, I mean 31% direct exports and 10% deemed exports, might marginally improve from here. Ideally, we would like a 50-50 mix and we are working towards that goal. However, at our current order book, it looks like we will come close to that figure.

"Now, finally, the world has pivoted towards thinking about growth. So, we feel that for our textiles business, growth will come from improved demand overall and also some of our new garment capacities kicking in and driving volumes up," says Punit Lalbhai, VC, Arvind & Anup Engg.

First of all, if we talk about your guidance, then guidance for an overall double-digit revenue growth for FY25 that you have given to all the experts out there, but this is to be powered by AMD as well as your garment business. Talk to us about the strategy going ahead. What gives you the confidence to achieve this guidance in the time ahead?

We had a good quarter. We have posted already a double-digit growth this quarter and I think the double-digit growth is driven predominantly by better demand globally in all our segments, both textiles and AMD.
In the textile segment, the first half of last year was all about inventory correction and a very cautious environment.

Now, finally, the world has pivoted towards thinking about growth. So, we feel that for our textiles business, growth will come from improved demand overall and also some of our new garment capacities kicking in and driving volumes up.

So, both volumes and better demand should drive growth in textiles. And AMD is a very strong segment and has been historically also strong, so that journey of strength will continue in AMD and we should be able to grow at that 20% mark or slightly better.

Let us talk about some demand trends. Q3, FY24 onward seems like the demand has bottomed out for the textile business and now one could expect that improvement. Do you think this improvement that we are seeing and foreseeing that will continue in FY25 and this momentum is something that is sustainable as well as what is your thought in terms of the demand trend?

I would be cautiously optimistic. I think there are a lot of headwinds globally in terms of conflicts going on at several places. Europe not having fully recovered from the shocks of energy and demand destruction due to the war situation.

So, I would be cautiously optimistic because for the first time in many quarters we have seen the narrative change. Fourth quarter onwards of last year from inventory reduction, cutting down, sourcing, consolidation to a little bit of growth, especially in North America and India, these are the two markets where we are seeing that growth that kind of helps us move away from that older narrative to a slightly better narrative.

If you are sufficiently stocked on the cotton for now, can we expect the working capital to come down in Q1 of FY25?

So, yes. As and when we work through that cotton inventory, working capital level should come down unless, of course, there is another need to take a strategic call. We feel that our overall working capital efficiency is good despite the higher inventories on cotton. So, it is not a concern area for us.

Also, does company have plans to reduce the overall net debt gradually, especially with the reduction in when you talk about the long-term debt and what is the planned increase in terms of capex for the newer projects going forward in the AMD segment, garment segment and are you happy with the current debt levels?

We are very happy with the current debt levels. Last year also, we reduced about 250 crores of long-term debt. Now, the business is in growth mode. So, we will see working capital go up. However, we are not very aggressively trying to pare down debt right now.

Now, we feel that the debt is in very comfortable territory and we will grow. We will continue to use our free cash flow that we generate for growth now that we are quite comfortable with the overall debt level.

Lastly, also, if you could give us an update on the capex for the new projects and their contribution in the AMD as well as the garment segment.

So, we had guided that we should be spending around 600 crores across two years. Last year, we spent about 260 odd crores on capex. This year, we should spend the balance, plus perhaps looking at some positive developments on the opportunity front, we might end up spending a little bit more than 600 crores across the two years.

Multiple roles there, vice chairman at Anup Engineering also. So, let us talk about Anup Engineering then a little bit. And when you talk about it, you have recently acquired that 100% stake in Mabel Engineering. Tell us about how this new plant is complementing your existing capacities. What could we expect in terms of synergies for your top line?

Certainly. So, Mabel gives us a strategic presence in South India. Also, the way Mabel is structured is ideal for smaller vessels with special metallurgy and that complements our capabilities.

It also makes a few products that we at our Gujarat locations do not make. So, from a product perspective, from a location perspective, and from a strategic perspective to efficiently do smaller, but more complicated metallurgies, it gives us an advantage.

Currently, Mabel is around that 50 crore mark, but we expect it to continue to remain 10% to 12% of our overall revenue.

As we grow here, we should also be able to grow at Mabel. There is plenty of headroom to grow there as well in terms of space and in terms of utilisation of the current assets.

So, it is a good strategic fit for us and that is why we have considered it and gone ahead with the acquisition.

Also, for Anup Engineering, we have seen good growth in your financials as well. So, what is the growth momentum that you see in the times ahead, especially in the top line, as well as what is the overall outlook for the next three years if we want to pencil in that growth?

We have a very healthy order book going into this year. So, our guidance of a 20% plus, closer to 25% growth on top line is intact. The way you should look at our margins is that they will continue to remain above that 20% mark.

So, we are currently at that 22-23% mark. It should be there and thereabouts and as we get into more complex metallurgies we may earn more per square metre, but because of the raw material impact the margins may change by half a basis point, one basis point but we are guiding reasonably stable margins also. So, very good growth with stable margins is how you should look at the year coming ahead.

In terms of exports, can we expect the share of exports to increase in your overall order book for FY25 for Anup Engineering?

I think the share of exports is already quite healthy at 40%, I mean 31% direct exports and 10% deemed exports, might marginally improve from here. Ideally, we would like a 50-50 mix and we are working towards that goal. However, at our current order book, it looks like we will come close to that figure.

Source: economictimes.com– May 09, 2024

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From Slump to Surge: India's cotton yarn exports eye recovery in FY24

India, the world's largest cotton producer, has witnessed a rollercoaster ride in its cotton yarn exports in recent years. There has been a significant shift in its cotton yarn export scenario between FY23 and the current fiscal year (FY24).

Shifting fortunes

According to the Cotton Textiles Export Promotion Council (Texprocil), India's cotton yarn exports for FY23 (up to January 2024) reached a value of $2.75 billion, a concerning decline compared to previous years. However, industry experts like Sanjay Jayavarthanan, Chairman of The South India Mills' Association (SIMA), predict an optimistic turnaround in FY24. They anticipate an 85-90 per cent increase in exports, potentially reaching $5.11 billion. This projected growth signifies a much-needed recovery for the sector.

Strategic shifts and policy impacts

The government is actively promoting a shift in focus from exporting raw cotton to higher-value cotton yarn and fabric. This strategy, emphasized by the Ministry of Textiles, aims to capture a larger share of the global textile market and boost profits. "By adding value through processing and manufacturing, we can generate more revenue and jobs within the country," says Textiles Minister Piyush Goyal.

Schemes like the Amended Technology Upgradation Fund Scheme (ATUFS) offer financial assistance to spinning mills for equipment modernization. This investment is expected to improve yarn production efficiency and enhance India's export competitiveness.

However, the impact on cotton farmers remains a mixed bag. The Minimum Support Price (MSP) scheme by the government intends to ensure a fair price for their produce.

"The MSP scheme offers some security, but fluctuating international cotton prices can still squeeze our profits," says, a cotton farmer from Maharashtra.

Destination-wise performance

Despite the overall decline, Bangladesh remains India's top importer of cotton yarn, accounting for over 34 per cent of exports in FY24 (until January 2024). China, previously the leading importer, has seen its purchases decrease due to factors like rising domestic production and a slowdown in its textile industry. However, recent trends suggest a potential increase in Chinese demand in FY24. This shift necessitates diversification. Countries like Vietnam and Peru have emerged as promising new markets for Indian cotton yarn exports, reducing dependence on traditional markets.

Reasons for gains and losses

Several factors contribute to the volatility in India's cotton yarn exports. Global cotton price fluctuations significantly impact India's export competitiveness. A rise in domestic cotton prices can make Indian yarn less attractive to international buyers. When global cotton prices are high, other countries can offer more competitive rates, explain experts. Demand fluctuations in the global textile industry, particularly in major importing countries, can also lead to a decline in demand for Indian yarn. Additionally, the effectiveness of government initiatives like the Market Access Initiative (MAI) in reducing export costs and increasing competitiveness will be crucial for sustained growth.

The road ahead

India's cotton yarn export sector holds immense potential for growth. By focusing on value addition through processing and garment manufacturing, adopting technological advancements to improve efficiency, and strategically marketing to emerging markets, India can navigate global challenges and reclaim its position as a leading yarn exporter. This requires a collaborative effort from the government, industry leaders, and cotton farmers to ensure a sustainable and competitive future for the sector.

Source: fashionatingworld.com– May 09, 2024

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