An ISO 9001:2015 CERTIFIED COMPANY

TEXPROCIL NEWS CLIPPINGS

IBTEX Textile Intelligence Centre
Information Bureau TEXPROCIL

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 74 of 2024 May 13, 2024

Currency Watch			
USD	EUR	GBP	JPY
83.53	89.99	104.66	0.54

INTERNATIONAL NEWS

SAYING NO TO CHILD LABOUR

G20 भारत 2023 INDIA

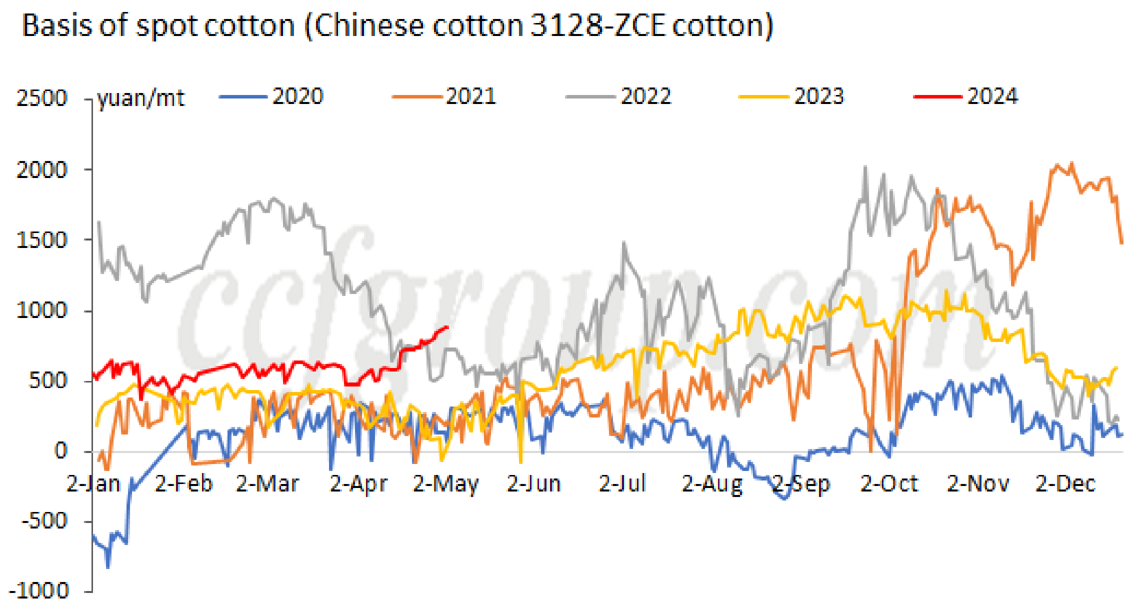
INTERNATIONAL NEWS

China: Will continual rise of spot cotton basis support cotton prices up?

From mid-Apr to early May, ZCE cotton futures market has been constantly decreasing, and during the decline, spot cotton sales were active and basis of spot cotton kept upward. Except the high basis in end 2021 and early 2022 caused by the competition for seed cotton procurement, the timing for the basis rising this year is obviously earlier than previous years and the quality cotton gradually tightens. Why does this happen?

First, 2023/24 Chinese cotton production is forecast to reduce by nearly 700,000 tons compared to 2022/23 season. Second, as part of large ginners purchase 2023/24 cotton at high costs, it is understood that they are reluctant to sell, with a quantity of nearly 1 million tons.

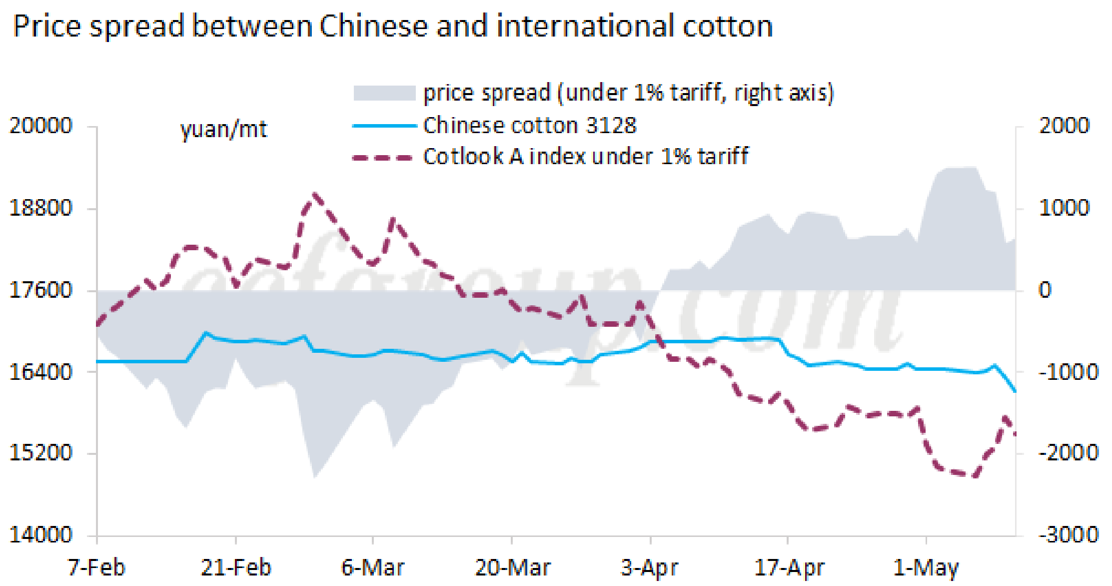
These large ginners have strong financial strength, and are not willing to sell in deficits in short term. Third, though downstream market has no good performance in 2024, the operating rate of spinning mills has not dropped evidently, so the consumption to cotton remains at a relatively high level.



Currently, cotton market has obvious bullish factors, with continual rise of basis of spot cotton and healthy spot cotton inventory. Then will this status help cotton prices go up again? Two supply factors shall be considered: 1. The pressure brought by the continual cotton imports; 2. New cotton production forecast.

Currently, price spread between Chinese and international cotton expands again, and the pressure from cotton imports maintains. Imports are the major supplementary supply, although some imported cotton will be into state warehouses.

Till now, there are only 894kt of cotton quotas under 1% tariff in 2024 and the sliding-scale duty quotas that are released in 2023 have been invalid in early 2024. Therefore, whether the imported cotton will has more supply pressure needs to pay attention to the allocation of sliding-scale duty quotas. If the quotas are issued earlier, the pressure from imported cotton will be more obvious.



For new cotton production forecast, new cotton planting condition is good currently, and 2024/25 season is supposed to be a bumper year, putting pressure on the cotton prices later.

But it is hard to change the status of gradual tightening spot cotton inventory currently. If large ginners continue to be tight sellers, Chinese cotton supply still faces structural contradiction in short term.

Overall, since mid-Apr, the basis of Chinese spot cotton has increased by over 300yuan/mt. There is a certain structural contradiction, with the gradual shortage of quality cotton. In the short term, this contributes positively to cotton prices.

However, attention is needed on whether and when the sliding-scale duty quotas will be issued. If the quotas are issued early, the pressure from imports will remain significant. Conversely, if quotas are issued late, there will still be temporary contradictions in the short term. Additionally, 2024/25 cotton production is expected to be good, which may exert pressure on future cotton prices. Furthermore, macroeconomic still requires attention.

Source: ccfgroup.com– May 13, 2024

HOME

****

Cotton Highlights from May 2024 WASDE Report

USDA has released its May 2024 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The U.S. cotton projections for 2024/25 include a larger crop, as planted area is slightly higher and abandonment is projected at less than half the rate realized in 2023/24. Production is forecast at 16.0 million bales, based on 10.67 million planted acres as indicated in the March Prospective Plantings report, with harvested area expected to rise 2.7 million acres year over year to 9.1 million. U.S. abandonment is projected below the 10-year average, reflecting moisture conditions to date in the Southwest.

Despite a lower national yield, production is forecast nearly 4 million bales larger. Although beginning stocks are lower, 2024/25 total supplies are projected 12% higher.

Exports are expected to rise 700,000 bales due to increased supplies and higher world trade, while U.S. mill use is expected to rise 100,000 bales. At 3.7 million bales, 2024/25 U.S. ending stocks are projected 1.3 million bales above the relatively low 2023/24 level. The marketing year average upland farm price is projected at 74 cents per pound – two cents below the previous year.

For 2023/24, final U.S. cotton production is estimated at 12.1 million bales. Exports are unchanged, with mill use increased slightly due to activity to date. Ending stocks are estimated lower at 2.4 million bales, while the projected season-average price is unchanged.

Global supplies in 2024/25 are projected above a year earlier, as beginning stocks are unchanged and combine with a 5.4-million-bale increase in production. Consumption is projected up 3% year to year, and ending stocks are expected to rise as well.

Production is expected to rise nearly 5% in 2024/25 as both global area and yield are expected to rise. Larger crops in Brazil, the United States, and Turkey more than offset smaller crops in China and India. Greater global supplies are expected to increase use and world trade to a 4-year high. As production outpaces consumption growth, global ending stocks are projected up 2.5 million bales to 83.0 million.

The global 2023/24 estimates show higher production and consumption compared with the previous month. Australia's crop is increased by 200,000 bales and India's by 500,000.

Increased use in China and India more than offsets lower use in Bangladesh, Brazil, Pakistan, Turkey, and Uzbekistan. Global ending stocks are lowered 2.6 million bales to 80.5 million, mostly due to historical revisions to Brazil and India consumption.

Source: cottongrower.com– May 10, 2024

HOME

****

China's exports to rise in 2024 amid industrial upgrades, e-com boost

Despite challenges in the global economic environment, the ongoing green transformation and industrial upgrade of Chinese manufacturers will bolster export growth this year, Chinese government officials and exporters feel.

Several Chinese firms are focusing on developing and exporting technologically-sophisticated, eco-friendly and high-value products, they said.

These efforts, along with bilateral and multilateral free trade agreements, will help maintain a healthy growth trajectory through the second half of the year, a state-controlled media outlet reported.

China's two-way trade in goods expanded by 5.7 per cent year on year (YoY) to 13.81 trillion yuan (~$1.91 trillion) in the first four months this year, while its exports rose by 4.9 per cent to 7.81 trillion yuan (~$1.08 trillion), the general administration of customs (GAC) said.

Positive factors in foreign trade have been steadily improving since the year began, and the momentum has continued to strengthen, said Lyu Daliang, director of the GAC's department of statistics and analysis.

Lyu said the growth rate of imports and exports in the first four months has accelerated compared to the first quarter of this year, and the scale has reached a new historical high for the period.

The acceleration of new forms of foreign trade represented by cross-border e-commerce is another contributing factor driving China's exports, another academic said.

Several Chinese companies have also been strengthening tie-ups with partners in Central and Eastern Europe, Africa, Southeast Asia and the Middle East, said Edward Kieswetter, chairman of the Brussels-based World Customs Organisation.

Source: fibre2fashion.com– May 12, 2024

HOME

****

Ocean Carriers Establish Direct Asia-to-Mexico Trade Lanes

Major ocean carriers are launching direct services along the Asia-to-Mexico trade lane as China makes a concerted push into the Latin American market.

Since April, Mediterranean Shipping Company (MSC), CMA CGM and Cosco Shipping subsidiary Orient Overseas Container Line Limited (OOCL) have all announced new service lines that will see container ships travel from several stops across China and South Korea to multiple ports on Mexico's West Coast.

Starting May 15, MSC is launching a loop shuttle service connecting Asia to Mexico, with the MSC Apollo sailing on its first voyage out of China's Port of Qingdao. MSC's port rotation includes Chinese port cities Qingdao, Ningbo and Shanghai; Busan, South Korea; and the Ports of Manzanillo and Lazaro Cardenas in Mexico.

According to MSC, the loop will provide additional coverage and frequency between Asia and Mexico compared to its four other services that make stops throughout the South American West Coast.

Cosco/OOCL's Transpacific Latin Pacific 5 (TLP5) service already started out of Ningbo May 6, and estimates a sailing time of 15 and 20 days from Qingdao to Mexico's Ensenada and Manzanillo respectively. Additional cities in the port rotation include Shanghai and another Chinese port city, Dalian; Busan; as well as a stop in Yokohama, Japan.

TLP5 is designed to complement its TLP1, TLP2 and TLP3 services, all of which make several stops in South America as well as Hong Kong.

CMA CGM will debut the new Mexico Express (M2X) service on May 11. Eight ships will be dedicated to the M2X port rotation, which includes Qingdao, Busan, Yokohama, Ensenada, Manzanillo and Lazaro Cardenas—as well as another China-based port in Tianjin. The ANL Wangaratta vessel will depart from Busan in the first voyage.

The M2X initiative "aligns with market dynamics in the region," according to CMA CGM.

The dynamics the French ocean carrier speaks of likely refer to the growth in demand for container shipping imports from China into Mexico in January 2024, which skyrocketed 60 percent compared to just 12 months prior, according to data from Container Trades Statistics. The 117,000 20-foot equivalent units (TEUs) shipped that month come in well ahead of 73,000 TEU in January 2023.

Annual growth in container shipping between China and Mexico had already increased by 34.8 percent in 2023 compared to just 3.5 percent in 2022, CTS said.

And Mexico's Port of Manzanillo, the country's largest port which handles roughly 40 percent of containerized imports, has seen 14.4 percent growth in imported goods across the first four months of the year. The port has attributed the increase in tonnage to more commercial flow out of Asia.

Peter Sand, chief analyst at ocean freight and air freight benchmarking platform Xeneta, said in a blog post that China to Mexico is "probably the fastest growing trade on planet Earth right now."

"A sizeable proportion of the goods arriving in Mexico by ocean will likely be trucked into the U.S., which gives rise to the suspicion that the increase in trade we are witnessing is due to importers trying to circumvent U.S. tariffs," Sand said.
In such scenarios, Chinese businesses looking to skirt tariffs initially implemented by President Trump and maintained by President Biden can build their own warehouses in Mexico and use raw materials from China, but avoid the taxes since the production process takes place in Mexico.

Another more commonly used circumvention technique is the de minimis provision, in which shippers importing packages worth $800 or less don't have to pay taxes or fees on the imported parcels.

Mexico-to-U.S. trade is increasing along these lines, with logistics giant C.H. Robinson calculating that shipments out of Mexico into the U.S. increased 7.7 percent year over year during the first two months of 2024. This number jumped to an ever higher 12 percent for February.

Other logistics companies are looking to capitalize on the nearshoring boom, with Ryder System, Inc. opening up a second multi-client logistics warehouse near the U.S.-Mexico border over the span of three months in April.

Located in El Paso, Texas, the 50,000-square-foot facility provides cross-dock services, including consolidation and de-consolidation, as well as ambient storage for imports and exports and 24/7 yard operations. The new building has 20 dock doors and room for 350 trailers.

The warehouse is stationed near the Ysleta Port of Entry, which remains the second-largest gateway for U.S.-Mexico trade at 9.6 percent of total value of goods transported across the first three months of the year, according to U.S. Census Bureau data.

In February, Ryder opened a 228,000-square-foot warehouse and cross dock in cross-border trade hub Laredo, Texas, which oversees 39 percent of total transported goods across the border.

Source: sourcingjournal.com– May 10, 2024

HOME

****

China's Luxury Market: Hitting the brakes on a high-speed ride

China's luxury market, once a growth engine for global brands, has hit a rough patch. After years of double-digit expansion, sales dipped by 10 per cent in 2022, marking the first decline in five years reveals Bain & Company's study, 'Setting a New Pace for Personal Luxury Growth in China'. This shift in consumer behavior has sent ripples through the luxury industry, prompting brands to adapt their strategies.

Reasons for the downturn

Several factors have contributed to the market's turbulence viz:

Zero-Covid policy: Strict lockdowns and travel restrictions hampered in-person shopping and duty-free purchases, a significant portion of Chinese luxury spending says Daxue Consulting study, 'China's luxury market: shifting consumer values & retail experience'. The strict lockdowns and travel restrictions severely hampered in-person shopping and duty-free purchases, which were a major driver of luxury sales.

Economic jitters: A cooling real estate market, rising unemployment, and Covid anxieties dampened consumer confidence and discretionary spending reports Jing Daily in 'From boom to uncertainty: Luxury brands face uphill battle as China's growth slows'.

Shifting priorities: Younger generations, a crucial growth engine, are prioritizing experiences and value over logos, with a growing focus on sustainability and social responsibility say McKinsey & Company study. Sustainability and ethical practices are becoming more important purchase drivers.

Impact on global brands

The 2022 market decline hit major brands hard. Kering, which owns Gucci and Saint Laurent, reported a 13 per cent sales drop in China. LVMH, home to Louis Vuitton and Dior, saw a more moderate 3 per cent decline. Indeed, China's share of global luxury sales is significant. For Kering, China accounted for 32 per cent of sales pre-pandemic, while LVMH got around 30 per cent from the region.

Table: Dip in sales of leading luxury brands

Brand	Parent Company	% Share of China Sales (Global)	Sales Growth in China (2022)
Louis Vuitton & Christian Dior	LVMH	~40%	-10%
Chanel	N/A	~30%	Not publicly available
Gucci & Bottega Veneta	Kering	~35%	-15%
Hermès	N/A	~40%	Low single-digit decline
Prada & Miu Miu	Prada Group	~35%	-8%

To adapt to the changing situation luxury brands are ramping up their online presence, offering seamless e-commerce experiences and leveraging social media marketing to reach younger consumers. They are also expanding their domestic store networks due to less international travel in smaller cities and tailoring marketing campaigns to local preferences.

Experiential retail is on the rise as luxury brands are creating immersive in-store experiences to engage customers and build brand loyalty. This includes exclusive events, personalized services, and interactive displays.

China's allure endures

Despite the challenges, China remains a crucial market for luxury brands in the long term. In the short-to-mid term recovery is expected with ease as consumer confidence rebounds. However, pre-pandemic growth rates might not be immediately replicated.

In the long term China's luxury market is projected to see continued growth, driven by a rising middle class and evolving consumer preferences.

Brands that adapt to the changing landscape and cater to a more sophisticated shopper will be well-positioned to succeed.

The highlight is China's luxury market is undergoing a significant transformation. While the immediate future might be bumpy, brands that embrace digitalization, cater to local preferences, and prioritize sustainability are likely to thrive in the long run. The focus is shifting from conspicuous consumption to a more discerning and experience-driven approach to luxury.

Source: fashionatingworld.com– May 10, 2024

HOME

****

Monthly UK production output up by estimated 0.2% in March

Monthly UK production output was estimated to have risen by 0.2 per cent in March this year, following a rise of 1 per cent in February—revised down by 0.1 percentage point—and a fall of 0.5 per cent in January—revised down by 0.2 percentage point, according to the Office of National Statistics (ONS).

The monthly increase in output for March resulted from a rise in two of the four production sectors, with the largest contribution from manufacturing.

Monthly manufacturing output rose by 0.3 per cent in March and saw a mixed profile of growth at the sub-level, with increases in five of its 13 sub-sectors, an ONS release said.

Looking at the longer-term profile, quarterly production output for Q1 2024 rose by 0.8 per cent compared with Q4 2023; growth came primarily from manufacturing (1.4 per cent).

Source: fibre2fashion.com– May 11, 2024

HOME

****

Sri Lankan apparel exporters urge forex rule reform: Reports

Sri Lanka's apparel exporters have urged the central bank to abolish a compulsory conversion rule for export proceeds, citing the rupee's allowance to appreciate amidst a deflationary monetary stance.

This is as per media reports, which added the central bank previously imposed restrictions on shifting dollar proceeds between banks during inflationary periods, but these have now been lifted.

The Joint Apparel Exporters Association welcomed the central bank's decision, emphasising the importance of removing barriers to foreign exchange movement between commercial banks even as it noted the resilience of the export sector amid challenges, highlighting efforts to transition to lean manufacturing, diversify products, and explore new markets.

However, the apparel exporters stressed the need to eliminate the mandatory conversion of export proceeds to sustain fair trade and ensure industry profitability.

The central bank, engaging in deflationary domestic operations, has generated a balance of payments surplus. With the flexibility of deflationary monetary policy, the central bank can opt to appreciate, maintain, or depreciate the rupee as needed.

Historically, Sri Lanka struggled to maintain a stable currency anchor post-1978, resulting in currency depreciation and inflation due to conflicting operational frameworks.

While an appreciating currency may strain exporters' margins, stable exchange rates can mitigate social unrest. However, rapid appreciations hinder investment and productivity growth even as depreciation offers temporary export benefits but risks social unrest and inflated real savings.

It may be mentioned here Sri Lanka faced severe currency pressure and collapse in 2022, exacerbated by stringent import controls.

Source: fibre2fashion.com– May 10, 2024

HOME

****

Action must to restore biz confidence: EU Chamber of Commerce in China

Despite the re-opening of China's borders in early 2023, business confidence in the market continued a downward trend, according to the European Business in China Business Confidence Survey 2024 (BCS).

Instead of benefitting from the strong economic rebound that many had expected, European firms operating in China found themselves facing more uncertainty, the survey report notes.

China's structural issues—including sluggish demand, growing overcapacity and the continued challenges in the real estate sector—along with market access and regulatory barriers, continue to affect European companies, it says.

The survey was recently released in Beijing by the European Union (EU) Chamber of Commerce in China, in partnership with Munich-headquartered international management consultancy Roland Berger.

A positive finding in the survey is the notable increase in the proportion of respondents reporting market opening in their industry (45 per cent, plus 9 percentage points [pp] year on year [YoY]). However, 68 per cent reported that business became more difficult, the highest percentage on record.

Fifty-five per cent of respondents ranked China's economic slowdown among the top business challenges—a 19-pp increase YoY.

Fifty-eight per cent missed business opportunities as a result of market access or regulatory barriers.

Forty-four per cent are pessimistic about profitability over the next two years, the highest level on record; and the proportion of respondents positive about their growth prospects dropped by a staggering 23 pp YoY.

The strategies companies are employing to adapt to the business environment have the potential to set China into a negative cycle that would add to the country's economic woes, the report cautioned.

Fifty-two per cent of respondents plan to cut costs, with 26 per cent of them doing so by reducing headcount.

Thirteen per cent have already shifted, or taken the decision to shift, existing investments out of China, although 21 per cent have indicated they will be onshoring more of their supply chain.

Forty-two per cent are considering expanding their operations in China this year—the lowest level on record.

“There are worrying signs that some European companies are either siloing operations or scaling down their ambitions in China as the challenges they face start to outweigh the benefits of being here,” said Jens Eskelund, chamber president, in a release.

“While the Chinese Government is frequently signalling its intent to improve the business environment, we now need to see concrete action to restore investor confidence,” he added.

“European companies are confronted by growing uncertainties in China, in large part due to economic volatility and less predictable policy direction,” said Denis Depoux, global managing director of Roland Berger.

“While volatility can be managed, the lack of predictability may reduce the appeal of the Chinese market,” he added.

Source: fibre2fashion.com– May 11, 2024

HOME

****

Bangladesh exporters hail weaker taka, experts want end to cash sops

Despite challenges in the global economic environment, the ongoing green transformation and industrial upgrade of Chinese manufacturers will bolster export growth this year, Chinese government officials and exporters feel.

Several Chinese firms are focusing on developing and exporting technologically-sophisticated, eco-friendly and high-value products, they said.

These efforts, along with bilateral and multilateral free trade agreements, will help maintain a healthy growth trajectory through the second half of the year, a state-controlled media outlet reported.

China's two-way trade in goods expanded by 5.7 per cent year on year (YoY) to 13.81 trillion yuan (~$1.91 trillion) in the first four months this year, while its exports rose by 4.9 per cent to 7.81 trillion yuan (~$1.08 trillion), the general administration of customs (GAC) said.

Positive factors in foreign trade have been steadily improving since the year began, and the momentum has continued to strengthen, said Lyu Daliang, director of the GAC's department of statistics and analysis.

Lyu said the growth rate of imports and exports in the first four months has accelerated compared to the first quarter of this year, and the scale has reached a new historical high for the period.

The acceleration of new forms of foreign trade represented by cross-border e-commerce is another contributing factor driving China's exports, another academic said.

Several Chinese companies have also been strengthening tie-ups with partners in Central and Eastern Europe, Africa, Southeast Asia and the Middle East, said Edward Kieswetter, chairman of the Brussels-based World Customs Organisation.

Source: fibre2fashion.com– May 11, 2024

HOME

****

Vietnam: Garment makers confident to beat US$44 bln export target for 2022

Vietnam earned US$9.3 billion from garment and textile exports in the first quarter of this year, and the goal of raking in US$44 billion from exports for the whole year will certainly be feasible, said Nguyen Thi Tuyet Mai, deputy general secretary of the Vietnam Textile and Apparel Association (Vitas) at a workshop held on May 10.

According to Mai, most major consumers of Vietnamese garments and textiles such as the US and Europe are reining in inflation, helping to fuel purchasing power. In addition, inventories of major brands are decreasing, opening up opportunities for Vietnamese exporters.

Garment making will gather full steam unless there are major economic fluctuations and more geopolitical conflicts, said the Vitas official.

In fact, many garment businesses have received more orders from importers. Pham Xuan Hong, chairman of the Ho Chi Minh City Association of Garments, Textiles, Embroidery and Knitting, said the number of orders for the second quarter has kept pouring in, up 10-15% compared to the same period last year, helping businesses regain confidence.

Meanwhile, Thanh Cong Textile - Investment - Trading Joint Stock Company has almost received enough orders for the third quarter of 2024. The firm expects it will receive more orders in the fourth quarter of the year which is also the peak production period to meet market demand for the festive season.

Similarly, Dong Xuan Knitting Company Limited, has received enough orders from Japanese importers until the end of the third quarter of 2024. However, like most garment makers, its unit prices have yet to improve much compared to 2023.

Challenges ahead

Despite orders pouring in, production and business activities are yet to fully recover, as brands are hesitant to decide on orders, and many importers are still monitoring the impact of political fluctuations in the world market as well as the recovery of a number of major economies.

In addition, as the Vitas deputy general secretary pointed out, up to 80% of a total of more than 6,000 garment businesses are small- and medium-sized firms and they mostly execute export contracts, creating a large imbalance in the domestic market of 100 million consumers.

Other challenges such as high material prices, high logistics costs due to the Red Sea conflict, and strict requirements in terms of the traceability of raw materials and lower carbon emissions bring to bear more pressure on businesses.

An important challenge that cannot be ignored is the digital transformation process towards smart manufacturing - an inevitable trend that forces businesses to change to adapt, by gradually converting to smart production to increase labour productivity, improve product quality, and optimize operating costs so as to increase competitive advantage, noted Mai.

Fortunately she revealed that under the national textile, garment and footwear development strategy to 2035, the local garment industry is gradually shifting from rapid development to sustainable development according to the circular economy model.

The Vitas official suggested that textile and garment enterprises need to build your own product brands to gradually replace exported products that still have to bear the names of other major brands globally.

Kevin Trinh Vu, deputy sales director of Lectra Vietnam Co., Ltd. said that local firms will save labour costs if they effectively apply technology and optimize the production process.

In his opinion, as manufacturing automation and smart production are an inevitable trend, businesses should change to meet customer and market requirements. Automation will help increase labour productivity, improve product quality, optimize operating costs and sharpen competitive advantage for businesses.

Source: vietnamnet.vn– May 12, 2024

HOME

****

Bangladesh garment exports to non-traditional markets grow by 11.69% Y-o-Y from Jul' 24-Jan'25

Bangladesh is increasingly turning towards non-traditional markets with garment shipments to these markets increasing by 11.69 per cent Y-o-Y to $5.46 billion in the July-January period of the fiscal year 2023-24. Among the identified potential export markets for Bangladesh, Japan stands out prominently.

In the fiscal year 2022, Bangladesh earned apparel export earnings worth $1.09 billion from Japan and aims to double this figure by fiscal year 2023. Japan ranked as the third-largest importer of apparel globally during the year, trailing behind the European Union and the United States, with imports totaling $27 billion, as per Statista. Japan's adoption of the China-plus-one strategy, driven by factors like rising costs in China and diversification efforts by Japanese companies, boosts Bangladesh's prospects.

As per data from the International Trade Centre, Bangladesh's share in the Japanese clothing market has been steadily growing since 2017, reaching nearly 5 per cent in 2021, With Bangladesh set to graduate from least developed country status in 2026, Japanese retailers express interest in maintaining duty-free market access, fostering a conducive trade environment between the two nations.

Moreover, Japanese apparel retailers such as Fast Retailing (owner of Uniqlo), Adustria, BAPE, GU, and Muji source millions of products from around 300-350 Bangladeshi factories.

This collaboration underscores the potential for more garment exporters to tap into the Japanese apparel market, provided they conduct thorough market analysis to tailor effective marketing strategies that resonate with Japanese brands and buyers. Additionally, there's growing interest from buyers and brands in investing in Bangladesh's man-made fiber industry, signaling further opportunities for collaboration and growth.

Source: fashionatingworld.com– May 11, 2024

HOME

****

China's increasing demand for Pakistan cotton textiles

China is increasing demand for Pakistan cotton textiles, China Economic Net (CEN) reported on Sunday.

Pakistan's cotton yarn exports to China have surpassed the $166.37 million mark, an increase of 65.85%, in the first quarter of 2024. General Administration of Customs of the People's Republic of China's data showed that in the first quarter of 2024, the imports of "uncombed single cotton yarn containing 85% or above" (commodity code 52051200) from Pakistan crossed $ 99.12 million.

It is in compared with $72.70 million in the same period, whereas the imports of "cotton yarn" (commodity code 52051100) crossed $65.78 million, up from $26.28 million in the same period last year.

Sajjad Mazahir, General Manager of China Operations Keywin Trading Ltd, told China Economic Net (CEN) that China's increasing demand for Pakistan cotton textiles is because China's industry balance itself with both exports and local downstream orders.

A few years back, Pakistan's textile products were in demand only for exports but now it has taken a good market share in China's domestic market, too. Currently, Pakistan's supplies include cotton, cotton yarns, and Griege fabric. They were preferred by many customers due to their competitive prices and quality. Yet, there is much to do for Pakistan to diversify its textile exports.

"The textile industry in Pakistan is facing challenges from high cost of power and slow demand globally, and the Chinese market gives Pakistani exporters ample opportunities", he added. He further said that for diversification, Pakistan has to provide finished products to the local Chinese market, and a lot of effort is required to leverage the advantages of Pakistan-China FTA.

"Though most of our products are covered under the "zero duty" structure, many cannot enter Chinese markets in good volume, such as home textiles, towels, and apparel. etc.", he added.

Source: pakistantoday.com.pk– May 13, 2024

HOME

****

NATIONAL NEWS

4th Meeting of ASEAN-India Trade in Goods Agreement Joint Committee

The 4th Joint Committee meeting for the review of AITIGA (ASEAN-India Trade in Goods Agreement) was held in Putrajaya, Malaysia from 7-9 May 2024 and was co-chaired by Shri Rajesh Agrawal, Additional Secretary, Department of Commerce, India and Ms. Mastura Ahmad Mustafa, Deputy Secretary General (Trade), Ministry of Investment, Trade & Industry, Malaysia. The delegates from India and all 10 ASEAN countries participated in the discussions.

The discussions for review of AITIGA, to make it more trade-facilitative and beneficial for businesses across the region, started in May 2023. The Joint Committee undertaking the review work has met four times so far. The Joint Committee finalised its Terms of Reference and the Negotiating Structure for the review negotiations in its first two meetings and initiated the negotiations for review of AITIGA from its third meeting held from 18-19 February 2024 in New Delhi.

A total of 8 Sub-Committees have been constituted for dealing with different policy areas of the Agreement in the review and out of these, 5 Sub-Committees have started their discussions. All the 5 Sub-Committee reported the outcomes of their discussions to the 4th AITIGA Joint Committee. Four of these Sub-Committees dealing with ‘National Treatment and Market Access’, ‘Rules of Origin’, ‘Standards, Technical Regulations and Conformity Assessment Procedures’ and ‘Legal and Institutional Issues’ also met physically in Putrajaya, Malaysia alongside the 4th AITIGA Joint Committee. The Sub-Committee on Sanitary and Phytosanitary had met earlier on 3rd May 2024. The Joint Committee provided necessary guidance to the Sub-Committees.

ASEAN is one of the major trade partners of India with a share of 11% in India’s global trade. The bilateral trade stood at USD 122.67 Bn during 2023-24. The upgradation of AITIGA will further boost bilateral trade. Both sides would next meet for the 5th Joint Committee meeting from 29-31 July 2024 in Jakarta, Indonesia.

Source: pib.gov.in – May 12, 2024

HOME

****

Govt to give focused attention to promote textiles' exports, says secy

The government will accord focused attention to promote India's textiles exports, which declined for the second year in a row in 2023-24, Textiles Secretary Rachna Shah said.

The government has set an ambitious target to achieve $ 100 billion export for textile products by 2030.

The cumulative exports of textiles and apparel from India during April 2023-March 2024 registered a de-growth of 3.24 per cent at $ 34.4 billion, as compared to $ 35.5 billion in April 2022-March 2023.

In 2021-22, outward shipments of textiles and apparel were recorded at over $ 41 billion.

"We had challenges like the Red Sea crisis making it slightly more challenging," Shah said on the decline in India's textiles exports in 2023-24.

Although geo-political challenges remain, the textiles secretary said some exporters have reported improvement in their order books in the first quarter and the shipments are likely to improve in the coming months.

"We will be looking at more focused attention on products which have greater export potential and the production linked incentive (PLI) scheme is focused on those globally traded products," the textiles secretary told PTI. Shah also outlined other measures being looked at to promote exports from the sector, including "possibly looking at newer markets".

She said the free trade agreements (FTAs), which India has entered into with other nations "hopefully will open up more opportunities" for the textiles exports.

Sharing the outlook for outward shipments from the textiles sector, Shah said: "We should look at higher exports happening now. The global demand also will start looking better. Already in the first quarter we have seen some of our exporters have reported that the order positions for apparel, made-ups etc, is looking up so that should play out".

India has been losing ground in global garments trade to countries like Bangladesh and Vietnam due to their lower labour costs, larger operation footprints, and benefits from free trade agreements.

Source: business-standard.com– May 12, 2024

HOME

****

China beats US to emerge as largest trading partner of India in FY24: GTRI

China has emerged as the largest trading partner of India with $ 118.4 billion two-way commerce in 2023-24, slightly edging past the US, according to the data of economic think tank GTRI.

The bilateral trade between India and the US stood at $ 118.3 billion in 2023-24. Washington was the top trading partner of New Delhi during 2021-22 and 2022-23.

The data showed that India's exports to China rose by 8.7 per cent to $ 16.67 billion in the last fiscal. The main sectors which recorded healthy growth in exports to that country include iron ore, cotton yarn/fabrics/madeups, handloom, spices, fruits and vegetables, plastic and linoleum.

Imports from the neighbouring country increased by 3.24 per cent to $ 101.7 billion.

On the other hand, exports to the US dipped by 1.32 per cent to $ 77.5 billion in 2023-24 as against $ 78.54 billion in 2022-23, while imports dipped by about 20 per cent to $ 40.8 billion, the data showed.

The Global Trade Research Initiative (GTRI) said that from fiscal year 2019 to FY2024, India's trade dynamics with its top 15 trading partners underwent significant transformations, impacting both exports and imports along with the status of trade surplus or deficit across various sectors.

It added that China witnessed a marginal decline in exports by 0.6 per cent, from $ 16.75 billion to $ 16.66 billion, while imports from China surged by 44.7 per cent, from $ 70.32 billion to $ 101.75 billion.

"This growth in imports led to an expanding trade deficit, rising from $ 53.57 billion in FY2019 to $ 85.09 billion in FY2024, highlighting concerns over stagnant exports amidst rising imports," GTRI Founder Ajay Srivastava said.

Conversely, it said, trade with the US showed growth, with exports increasing significantly by 47.9 per cent from $ 52.41 billion to $ 77.52 billion.

Imports from the US also grew by 14.7 per cent, from $ 35.55 billion to $ 40.78 billion. This resulted in an expanded trade surplus for India, which grew from $ 16.86 billion to $ 36.74 billion.

According to the commerce ministry data, China was India's top trading partner from 2013-14 till 2017-18 and also in 2020-21. Before China, the UAE was the country's largest trading partner. The US was the largest partner in 2021-22 and 2022-23.

In 2023-24, the UAE with $ 83.6 billion, was the third largest trading partner of India. It was followed by Russia ($ 65.7 billion), Saudi Arabia ($ 43.4 billion), and Singapore ($ 35.6 billion).

Source: business-standard.com– May 12, 2024

HOME

****

Evaluation of infrastructure requirements for achieving $1 trillion exports by August-September: Official

A study to assess required infrastructure and identify main industry clusters for achieving the USD 1 trillion merchandise exports target by 2030 may be submitted by August-September to the commerce ministry, an official said. The official said that the Asian Development Bank (ADB) is doing that study for the ministry.

In 2023-24, India's merchandise exports dipped by over 3 per cent to USD 437 billion. Imports during the last fiscal dipped by 5.7 per cent to USD 675.4 billion.

By 2030, the ministry is aiming to more than double the country's outbound shipments of goods.

Explaining the rationale behind the exercise, the official said that to take the exports to USD 1 trillion, there will be an import of about USD 1.5 trillion, so to handle USD 2.5 trillion worth of trade "we need" additional infrastructure and logistics capacity at roads, ports, airports and railways.

"If exports will increase, imports will also increase. There is a correlation between higher exports and imports. So we have to create an infrastructure to handle about USD 2.5 trillion worth of merchandise goods," the official added.

Besides infrastructure requirements, there is also a need to identify the industry clusters from where there will be a large movement of goods.

To query when the ministry is expected to get the report, the official said "by around August-September".

After that, the commerce ministry will share the details with ministries concerned, including shipping, aviation, roads and national highways, and railways.

The ministries would see if they need investments for additional capacity development and where all that investment will go.

As per rough calculations and estimates, another official said that India may need to create an infrastructure which will support an additional 2,000 million tonne of goods movement in the ports.

Similarly in the railways, there could be a need to create an infrastructure which will allow railways to carry on an additional 338 million tonne of goods by 2030. Airports also need to create an additional 5 million tonne of facilities for movement of goods.

"The study is trying to identify what kind of infrastructure is required at the exit points and which are the clusters from where there will be the larger movement of goods," the government official added.

Sectors which are expected to help India boost the country's exports in the coming years include electronics, pharmaceuticals, marine products, and engineering.

India's electronics goods' export rose by about 24 per cent to USD 29.12 billion in 2023-24. Drugs and pharmaceuticals exports increased 9.67 per cent year-on-year to USD 27.9 billion in the last fiscal.

The main clusters for electronic goods in the country include Chennai (Sriperumbudur) and Bengaluru (Sri city). For shrimp, huge opportunities are coming up in states like Gujarat, Odisha, and West Bengal. Similarly for pharma, Baddi in Himachal Pradesh and Sikkim are major clusters.

"So today, if there is a movement of 100 containers in these clusters, tomorrow we may need 300 and for that we need an assessment and planning.. We have to see if we need more internal container depots (ICDs)," the official said.

Source: economictimes.com– May 12, 2024

HOME

****

Traders should opt for AEO recognition

Last Wednesday, the World Customs Organisation (WCO) began a three-day global conference on Authorised Economic Operators (AEO) programme in Shanghai, China to deliberate on the theme 'Harnessing the Power of AEO Programmes for Inclusive and Sustainable Global Trade." It is the sixth such conference in the last ten years that has this year attracted over 1,200 delegates, mostly the Customs administrators from 108 countries.

For the discussions during the conference, the International Chamber of Commerce (ICC) has released its updated recommendations on how to improve the AEO programme globally so that it becomes a powerful tool to drive supply chain security and trade facilitation. Its key recommendations include driving the implementation of WCO's SAFE framework of standards to secure and facilitate global trade (SAFE Framework), leveraging digitalisation to make the AEO processes more efficient and transparent, strengthening public-private partnership, ensuring a minimum set of benefits for AEOs, improving inter-agency recognition of AEO status, unlocking the potential of mutual recognition arrangements (MRA) between Customs administrations and fostering inclusivity in AEO programmes.

The 'SAFE Framework', launched in 2005, rests on three pillars viz. Customs-to-Customs network arrangements (Pillar 1), Customs-to-Business partnerships (Pillar 2) and Customs-to-other Government agencies cooperation (Pillar 3) – each setting out specific sets of standards. Pillar 2 includes the framework for AEO programmes in which businesses that meet specific security requirements can obtain AEO certification, which is intended to lead to tangible trade facilitation benefits. While the WCO provides global standards, there are now more than 80 AEO programmes globally of different Customs administrations.

Even before adoption of the 'SAFE Framework' by the WCO in 2005, Indian Customs were already implementing various forms of Customs compliance and trade facilitation programmes based on the Revised Kyoto Convention's "Authorised Persons" provisions. The Accredited Client Programme (ACP) provided facilitation to importers/exporters subject to their fulfillment of the prescribed eligibility criteria. The AEO programme was launched on a pilot basis in 2011 and merged with ACP in 2016 giving additional facilitations to importers/exporters who could demonstrate strong internal control systems and willingness to comply with the laws.

The Indian Customs give to AEO recognized entities, facilitations that include secure supply chain from point of export to point of import, demonstration of compliance with security standards when contracting to supply to overseas buyers, enhanced border clearance privileges in MRA partner countries, minimal disruption to flow of cargo after any security related disruption, reduction in dwell time and related costs and Customs advice/assistance if any importer/exporter faces unexpected issues with Customs of countries with which India have MRA.

The Indian Customs have given AEO-LO certification to 858 entities, mostly logistics service providers, custodians, terminal operators, customs brokers and warehouse operators. 3,656 importers/exporters have got AEO-T1 recognition, which is given after least scrutiny but also gives least trade facilitation. 1,115 importers/exporters have got AEO-T2 recognition, which involves stringent scrutiny of the systems and procedures of the importers/exporters but gives much higher trade facilitation.

Only 151 importers/exporters have got AEO-T3 recognition that is given after two years as AEO-T2 and gives highest levels of trade facilitation. Indian Customs have MRA with only four countries – USA, South Korea, Hong Kong and Taiwan. The Customs can do better in spreading awareness about the benefits of AEO recognition and entering into MRA with more countries. More importers/exporters should opt for AEO recognition.

Source: business-standard.com– May 12, 2024

HOME

****

Cotton exports estimated to rise 27% to 2.8 mn bales in 2023-24 season: CAI

The Cotton Association of India (CAI) on Saturday estimated cotton exports to rise about 27 per cent to 28 lakh bales during 2023-24 crop year ending September. In 2022-23 crop season (October-September), cotton exports were at 22 lakh bales, CAI said. One bale is equal to 170 kilogram.

"The demand for Indian cotton went up as the prices ruled 8-10 per cent lower than the international prices during December 2023 till March 2024. Our cotton is mainly exported to countries like Bangladesh, China and Vietnam," CAI President Atul Ganatra told PTI.

Meanwhile, CAI pegged the cotton production for 2023-24 at 309.70 lakh bales, same as estimated in the previous month. The production is however expected to be lower than the previous season's 318.90 lakh bales.

The total cotton supply till end of April 2024 is estimated at 315.86 lakh bales, which consists of pressing at 281.96 lakh bales, import of 5 lakh bales and the opening stock of 28.90 lakh bales. The estimated cotton consumption till April 2024 is 192.50 lakh bales while export is pegged at 21.50 lakh bales.

The stock at the end of April is estimated at 101.86 lakh bales. This includes 40.50 lakh bales with textile mills, which is over 45 days consumption and the remaining 61.36 lakh bales with Cotton Corporation of India, Maharashtra Federation and others (MNCs, MCX, traders, ginners, among others) including cotton sold but not delivered.

The CAI has also retained its total cotton supply estimate at 359 lakh bales for 2023-24 season. This consists of the opening stock of 28.90 lakh bales, estimated cotton pressing number at 309.70 lakh bales and imports at 20.40 lakh bales.

Cotton import estimated for the season is higher by 7.90 lakh bales compared to last year, CAI added.

Source: business-standard.com – May 11, 2024

HOME

****

Exports may grow 10-15% to $900bn in FY25

NEW DELHI: Despite headwinds, Indian exporters are looking at a 10-15% increase in goods exports, with some estimating overall exports to touch $900 billion this year, compared with around $780 billion during the last financial year.

In fact, exporters and govt were eyeing $900 billion exports last year as well, but weak demand in the developed market and a fall in commodity prices meant that goods exports fell 3% to $437 billion, while services exports rose 5% to $341 billion, according to commerce department's estimates.

Federation of Indian Export Organisations, the umbrella lobby group representing exporters, has estimated that during the current financial year, goods exports will rise to $500-510 billion while services exports will go up to $390-400 billion.

Healthy goods exports will also bolster industrial production and overall economic activity.

"Despite a very challenging geopolitical and consequent logistics disruptions and freight hikes, the demand for technology-driven products and services are very high and even for lifestyle goods, it is picking up, particularly from advanced economies assuring us for a much better performance this fiscal," Fieo DG Ajay Sahai told TOI. Healthy goods exports will also bolster industrial production and overall economic activity.

There are, however, some concerns of a slowdown in services due to IT and IT-enabled services, given that growth moderated to a three-year low in 2023-24. While policymakers are looking to diversify beyond IT, telecom and business services, to newer segments such as tourism and healthcare, there is a demand for restoring the scheme to ensure that refunds taxes. Besides, executives at the Services Exports Promotion Council said there was a need for a stronger brand development in case of healthcare and tourism, where India was facing competition from countries that were seeing much higher footfalls.

On the goods side, exporters appear more confident and are putting in place a strategy to move away from traditional markets.

Garment exporters, for instance, are looking to tap into markets such as Mexico, Brazil, Poland and other east European countries as it seeks to diversify away from the US and Europe, its traditional focus areas, said Apparel Export Promotion Council chairman Sudhir Sekhri.

"We are putting emphasis on diversification as we expect it to pay dividends in the coming years, if not this year," he said. AEPC is looking at a growth of around 10% to $16 billion, banking on a faster pick-up in the US and the signing of the much-awaited free trade agreement with the UK. "We are hoping that the Red Sea crisis will end and a change in the interest rate stance in developed countries will boost demand. There is good demand for more value-added products but demand for products at the lower and middle-end has been hit due to reduced purchasing power (due to inflation and higher interest rates in the West)," Sekhri told TOI.

Engineering exporters expect a 15% rise this year. "Demand in Europe is coming back, there is an improvement. Plus, there is good demand from countries such as the UAE and Australia, with which India has signed trade agreements. We are also seeing good traction in Gulf countries and FTAs with Oman, the UK and Chile will provide a further boost," said EEPC India chairman Arun Kumar Garodia.

During the last financial year, engineering exports rose 2.1% to $ 109.3 billion and this year, the removal of restrictions on steel exports is expected to provide a thrust.

Similarly, Pharma Export Promotion Council's Dinesh Dua is budgeting for a minimum growth of at least 10% to close the current fiscal year with $31-32 billion on strong demand from the US. Besides, he sees demand coming from Africa and Latin America and dismisses concerns over quality issues. "The problems have been associated with some of the smaller players and Steps taken by govt and some of the industry bodies will ensure that pharma exports maintain the quality that India is known for," he said.

Source: timesofindia.com– May 13, 2024

HOME

****