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INTERNATIONAL NEWS

Explainer: Time to introduce Digital Product Passports in fashion?

By 2030, every fashion and textile product sold within the EU will require a Digital Product Passport (DPP). The scheme should make it easier to share information about a garment's supply chain and other useful data.

The scheme aims to provide consumers with better information to allow them to make informed choices, helping move society towards more sustainable choices and eventually circularity. Digital Product Passports are being rolled out one sector at a time, starting with batteries, but many fashion companies are already starting to introduce DPPs.

With sustainability becoming an growing concern - and a lot of data required to make the scheme work - is it time for fashion brands to make a start on introducing DPPs?

What is a Digital Product Passport (DPP)?

DPPs are scannable QR codes or other tags added to products to provide information about the product's material composition, supply chain and how it can be recycled or disposed of safely.

Helene Behrenfeldt, industry solution director – fashion at software provider Infor, told Just Style that using DPPs should be as easy as scanning a label or code with a mobile phone for consumers. DPPs are designed to help companies and consumers move toward circular models.

How will the fashion sector use DPPs?

With such complex supply chains, many businesses in the fashion sector are likely to find implementing DPPs a challenge. Most importantly, all fashion brands selling products in the EU will need to be able to share detailed information about their supply chains and sourcing – and soon.

Behrenfeldt said that sourcing this type of information can be "difficult" for many fashion brands. Behrenfeldt added that the sourcing of this data will be "the easy part" for many brands and that finding a way to share and store the information will be trickier.

"There's a lot of work that can be done, but the common denominator is the data and you'll need to have a solid plan in place.," Behrenfeldt explained.

Are any companies already using DPPs?

In September 2023, clothing brand Nobody's Child added DPPs, in the form of unique QR codes, to each of its product's care labels. Clothing with the DPPs is already available through UK retailers M&S, ASOS and John Lewis. This offers consumers the possibility to trace their garments through incentivised gifts, and a unique NFT offered in collaboration with Coinbase, a cryptocurrency exchange platform.

The partnership enables Nobody's Child to connect to their customers using Web3 technology. Users will be able to store the Nobody's Child DPPs NFT within a Coinbase digital wallet.

How will fashion consumers use DPPs?

With information on how products can be recycled, repaired and reused, DPPs could help fashion consumers make more informed choices and move toward circular models. Behrenfeldt explained that there are likely to be two broad groups of consumers – those who are not particularly interested in the information provided via DPPs and those who use the detail to shape their purchasing choices.

The information provided by DPPs could be hugely beneficial to the growing resale fashion market, giving consumers information about a garment – including how to care for it, how to dispose of it – even after it has changed hands several times. Another way that DPPs may be used is to authenticate products. Behrenfeldt said that consumers may be able to use the technology for reassurance that they are "getting the real thing", especially when it comes to second-hand purchases.

Will countries outside of the EU adopt DPPs?

While so far no other regions have joined the EU in requiring DPPs, it is likely that the concept will be used across the world, particularly when the roll-out reaches the apparel sector.

"Fashion is a global industry," Behrenfeldt explained. "It's not like food and beverages, which is quite local – fashion is the opposite."

Even if other countries do not adopt DPPs, it's likely that the requirement for them in the EU will impact the global sector and consumers outside the EU will find the codes or tags on their clothing – and expect to be able to use them too.

Are there any benefits to adopting DPPs?

Behrenfeldt explained that DPPs offer fashion brands another chance to connect with their consumers “on an emotional level”.

“Consumers have so many options,” she explained. “You want to make sure they are loyal.” She added that DPPs could be a way to inspire this, sharing detailed information about a product’s origins – even including pictures of where the materials were grown or the products made.

She also cited the frequent bad press attracted by brands that have failed to keep tabs on their supply chains. DPPs could provide a way for fashion companies to avoid this and prevent reputational damage through transparency.

“I think this is super critical for brands,” Behrenfeldt said. “If you are not telling the story around your product, someone else will.”

What should fashion brands do now to ensure they are on track for Digital Product Passport rollout?

While there has already been much discussion and debate around the launch of DPPs, Behrenfeldt believes that it is now time for the apparel sector to take action to ensure they have the right tools in place.

Brands will need to decide how they plan to share their DPPs with consumers – such as through a QR code or website link – and how they plan to present the data to users.

“It all comes down to one thing – data,” Behrenfeldt said. “And you need to have a plan for that.”

Source: just-style.com– May 16, 2024

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Homeland Security Adds 26 Chinese Cotton Manufacturers to UFLPA Entity List

The U.S. Department of Homeland Security (DHS) has banned imports from 26 China-based firms under suspicions of forced labor.

DHS on Thursday announced that the companies, which include cotton traders and warehouse facilities located across China, would be added to the Uyghur Forced Labor Prevention Act (UFLPA) Entity List. After May 17, goods produced by the named firms will be barred from entering the country.

The Forced Labor Enforcement Task Force (FLETF), which is chaired by DHS, is doubling down on its efforts to root out and eradicate forced labor violations from U.S. supply chains. DHS said most of the companies added to the Entity List operate outside of the Xinjiang Uyghur Autonomous Region (XUAR), where Uyghurs and other ethnic and religious minority groups are known to be detained and abused.

“Adding these entities to the UFLPA Entity List will make it easier for responsible companies to ensure that they are not purchasing cotton from entities who are sourcing cotton from the XUAR,” DHS said in a statement. “By identifying these additional entities in the textile sector, U.S. importers have more information to conduct due diligence and examine their supply chains for risks of forced labor to ensure compliance with the UFLPA.”

The FLETF surmised that 21 out of the 26 entities fingered for violations actively source and sell cotton products from Xinjiang on the global wholesale market, while five additional entities also source cotton from the XUAR. DHS said focusing on cotton manufacturers outside of the region would help increase transparency and help responsible companies conduct due diligence.

“The Department of Homeland Security will not tolerate forced labor in our nation’s supply chains,” DHS Secretary Alejandro N. Mayorkas said. “Today’s announcement strengthens our enforcement of the UFLPA and helps responsible companies conduct due diligence so that, together, we can keep the products of forced labor out of our country.”

"We will continue to execute on our textile enforcement strategy and hold the PRC accountable for their exploitation and abuse of the Uyghur people," he added.

Since December 2021 when the UFLPA was signed into law, 65 entities spanning the apparel, agriculture, polysilicon, plastics, chemicals, batteries, household appliances, electronics and food additives sectors have been added to the list. FLETF—which encompasses the Office of the U.S. Trade Representative and the U.S. Departments of Commerce, Justice, Labor, State, and the Treasury—votes on the additions to the list.

"We have shown again through today's enforcement actions that the United States is taking action to prevent forced labor in U.S. supply chains," said DHS Under Secretary for Policy and FLETF Chair Robert Silvers said. "Companies must conduct due diligence and know where their products are coming from. The Forced Labor Enforcement Task Force will continue to designate entities known to violate our laws, and U.S. Customs and Border Protection will continue its vigilant enforcement at our ports."

The move is a part of DHS' recently announced Textile Enforcement Plan, spearheaded by Secretary Mayorkas. Released this spring, the plan makes it a priority to examine and review entities in the textile industry for inclusion on the Entity List. Prior to the 26 new additions this week, just 10 textile entities were included.

Cotton and cotton products have been a high priority for regulators under the Strategy to Prevent Importation of Goods Mined, Produced or Manufactured with Forced Labor in the People's Republic of China, which was issued in June 2022 when the UFLPA came into effect. Since the law's inception, CBP has sifted through over 8,000 shipments worth more than $3 billion.

Representative Chris Smith (R-N.J.) and Senator Jeff Merkley (D-Ore.), both Chairs of the bipartisan Congressional-Executive Commission on China (CECC), praised the expansion of the Entity List "while recognizing that the current list remains only a fraction of the businesses complicit in forced labor."

The CECC Chairs said they would like to see DHS take more robust action, including blacklisting certain Chinese companies in the polysilicon, aluminum, PVC and rayon industries.

National Council of Textile Organizations (NCTO) president and CEO Kim Glas commended the additions to the UFLPA Entity List. “Slave labor cotton as well as man-made fibers produced in Xinjiang are feeding into clothing made in China and numerous other countries around the world that is destined for the U.S. market, severely undermining U.S. domestic producers,” she said.

According to Glas, Xinjiang cotton is “flooding the global marketplace,” with 76 percent of all China-made cotton containing traces—or more—of banned XUAR fibers. This contamination is seeping into international supply chains, with producers across the globe using China-grown cotton as an input for their own products.

“Today’s announcement marks an important step forward in following through on anti-forced labor legislation and sends a strong message to known offenders, enterprises and governments that the U.S. government is increasing its enforcement activities and dedication to cracking down on imports of goods made with forced labor,” Glas said.

Source: fashionatingworld.com– May 15, 2024

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Brazil's cotton prices oscillate in early May amid market fluctuations

In the first fortnight of May, cotton prices in Brazil experienced fluctuations, ultimately trending downwards by mid-month. Early May saw some sellers, particularly those aiming to offload stocks from the 2022-23 season, showing more flexibility in pricing. Despite this, prices declined as certain industry players offered lower prices to secure new deals, as per the Centre for Advanced Studies on Applied Economics (CEPEA).

As the month progressed, domestic cotton prices saw a brief uptick, driven by rising international prices. Data indicating strong short-term demand and positive mid-term outlooks, particularly due to increasing incomes in emerging Asian markets, contributed to slight price increases for cotton delivered to the Far East. This upward movement influenced the futures market and export parity. However, these factors were insufficient to sustain the upward trend, leading to a subsequent price drop.

Between April 30 and May 15, the CEPEA/ESALQ Cotton Index fell by 2.99 per cent, closing at BRL 3.8063 (~$0.74) per pound on May 15.

According to a report released by National Supply Company (CONAB) on May 14, the cotton cultivation area in Brazil for the 2023-24 season is projected to reach 1.942 million hectares, a 16.7 per cent increase compared to the 2022-23 season and a 0.33 per cent rise from March 2024 data. Productivity is expected to increase by 0.88 per cent compared to the previous month's estimate but may still be 1.6 per cent lower than the previous crop, at 1.87 kg per hectare. Consequently, Brazilian cotton production is forecast to rise by 1.21 per cent monthly and 14.8 per cent year-on-year, potentially reaching a record 3.64 million tons.

Data from the United States Department of Agriculture (USDA), released on May 10, indicate that global cotton production for the 2024-25 season may total 25.919 million tons, a 4.8 per cent increase from the 2023-24 crop. Global consumption is expected to rise by 3.1 per cent compared to the 2023-24 season, reaching 25.442 million tons.

Source: fibre2fashion.com– May 17, 2024

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US' small business optimism index rises in April 2024: NFIB

US saw a slight rise in its small business optimism index in April, marking the first increase of the year, according to the National Federation of Independent Business (NFIB). The index climbed 1.2 points to 89.7, although it remained below the 50-year average of 98 for the 28th consecutive month.

Despite this uptick, inflation remains the primary concern for small business owners, with 22 per cent identifying it as their most significant issue. This is a three-point drop from March but still the leading problem for businesses.

Key findings from the NFIB's report include a six-point rise in the net percentage of owners expecting higher real sales, now at a net negative 12 per cent (seasonally adjusted). Additionally, a seasonally adjusted net 12 per cent of owners plan to create new jobs in the next three months, up one point from March's lowest level since May 2020. Plans for price hikes dropped to a net 26 per cent, the lowest reading since April of last year. Job openings that could not be filled rose to 40 per cent, a three-point increase from March, reflecting the lowest reading since January 2021, as per NFIB.

Owners raising average selling prices fell three points from March to a net 25 per cent (seasonally adjusted). In the NFIB's monthly jobs report, 56 per cent of owners reported hiring or attempting to hire in April, with 91 per cent of those facing challenges finding qualified applicants.

Sales trends showed mixed results. A net negative 13 per cent of owners reported higher nominal sales over the past three months. The net percentage expecting higher real sales volumes rose six points to a net negative 12 per cent.

Inventory levels also saw a net negative 6 per cent, with 12 per cent reporting stock increases and 17 per cent noting reductions. A net negative 4 per cent of owners viewed current inventory stocks as "too low," and a net negative 6 per cent plan inventory investment in the future.

In pricing, 13 per cent of owners reported lower average selling prices, while 41 per cent reported higher prices. Price hikes were most frequent in the wholesale (40 per cent higher, 10 per cent lower) sector. Seasonally adjusted, a net 26 per cent of owners plan price hikes.

Compensation trends remained stable, with a net 38 per cent of owners reporting raised compensation in April and a net 21 per cent planning to raise compensation in the next three months.

Labour costs emerged as a top concern, with 11 per cent of owners citing it as their primary issue, a one-point increase from March. Meanwhile, 19 per cent pointed to labour quality as their top problem, second only to inflation.

Profit trends were discouraging, with a net negative 27 per cent reporting positive profit trends, a slight improvement from March's figures. Among those reporting lower profits, 33 per cent attributed it to weaker sales, 14 per cent to rising material costs, 13 per cent to seasonal changes, and 12 per cent to labour costs. For those reporting higher profits, 43 per cent credited sales volumes, 26 per cent usual seasonal changes, and 11 per cent higher selling prices.

Financing remained relatively stable, with 3 per cent of owners reporting unmet borrowing needs, a one-point increase from March. Twenty-eight per cent reported all credit needs met, while 60 per cent were not interested in a loan. A net 8 per cent found their last loan harder to obtain compared to previous attempts, and 4 per cent cited financing as their top business problem. A net 21 per cent reported paying a higher rate on their most recent loan, up four points from March.

Source: fibre2fashion.com– May 17, 2024

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Monthly Cotton Economic Letter: May 2024

All benchmark prices decreased over the past month.

• The July NY/ICE futures contract dropped from 93 to 77 cents/lb between early April and the present.

• The December NY/ICE futures contract, reflective of price expectations after the onset of the 2024/25 harvest, fell from 84 to 75 cents/lb over the past month. The steeper drop in July prices narrowed the separation between values for 2023/24 and 2024/25 delivery to just a couple cents.

At the end of February, the gap was 15 cents/lb.
• The A Index decreased from 93 to 86 cents/lb over the past month.

• The Chinese Cotton Index (CC Index 3128B) decreased from 108 to 105 cents/lb in international terms. In domestic terms, values fell from 17,200 RMB/ton to 16,700 RMB/ton. The RMB was relatively stable against the dollar, near 7.23 RM/USD.

• Indian spot prices (Shankar-6 quality) fell from 93 to 88 cents/lb. In domestic terms, values decreased from 60,500 to 57,500 INR/candy. The INR held near 83 INR/USD.

• Pakistani spot prices fell from 94 to 88 cents/lb over the past month. In domestic terms, values decreased from 21,500 to 19,700 PKR/maund. The PKR was stable around 278 PKR/USD.

Supply, Demand & Trade

In May, the USDA issues its first complete set of numbers for an upcoming crop year. For 2024/25, the USDA projects 119.0 million bales of global production and 116.9 million bales of global mill use. Both figures suggest an increase relative to 2023/24, when the world harvest is estimated to be 113.6 million bales and global mill use is estimated to be 113.4 million bales.

World ending stocks are forecast to be 83.0 million bales in 2024/25, which is 2.5 million bales higher than the figure for 2023/24. The global stocks-to-use ratio is expected to hold at 71.0 percent. After increasing nearly 4 million bales in 2023/24, Chinese stocks are projected to be essentially flat in 2024/25 (41.0 million bales, representing 105 percent of Chinese demand). After decreasing nearly 4 million bales in 2023/24, stocks outside China are projected to rise +2.6 million bales in 2024/25 (to 42.0 million bales, representing 47 percent of demand outside China).

The largest year-over-year increase in production is forecast for the U.S., where the crop is projected to grow +3.9 million bales (to 16.0 million). Other notable increases are expected for Brazil (+2.1 million bales to 16.7 million) and Turkey (+800,000 bales to 4.0 million). Notable decreases are expected from India (-1.0 million bales to 25.0 million) and China (-500,000 bales to 27.0 million).

For mill use, all significant year-over-year forecast changes were positive. The largest increases were projected for Turkey (+800,000 bales to 7.5 million), China (+500,000 bales to 39.0 million), India (+500,000 bales to 25.2 million), and Pakistan (+500,000 bales to 9.8 million).

The global trade is predicted to increase +0.9 million bales to 44.9 million. For imports, a decrease in Chinese shipments (-2.8 million bales to 12.0 million) is expected to be more than offset by increases in other locations, with the greatest gains expected in Turkey (+1.0 million bales to 4.7 million), Pakistan (+900,000 bales to 3.7 million), and Bangladesh (+600,000 bales to 8.0 million). For exports, the largest year-over-year changes are expected from the U.S. (+700,000 bales to 13.0 million), Brazil (+400,000 bales to 12.5 million), Turkey (-600,000 bales to 800,000), and Australia (-700,000 bales to 5.3 million).

Price Outlook

Concern about exportable supply was a factor that provided lift for prices early in 2024. More recently, those concerns appear to have reversed. The outlook for 2024/25 suggests a crop year with more cotton available for export, while there could be a simultaneous pullback in Chinese import demand.

The largest year-over-year increase in production in 2024/25 is predicted to come from the U.S. (+3.9 million bales, from 12.1 million in 2023/24 to 16.0 million in 2024/25), which is projected to hang on as the world's largest exporter (the U.S. is projected to ship 13.0 million bales in 2024/25, followed closely by Brazil at 12.5 million bales). However, the U.S. harvest has proven challenging to forecast in recent years due to the concentration of planted acreage in West Texas and repeated issues of drought in the region.

There has been rain in West Texas in recent weeks, which improves prospects for successful germination. Nonetheless, the 2023/24 crop year proved the importance of moisture during the hotter period in late July and August, which coincides with the emergence of blooms and increased water needs by cotton plants. The weather that far out is unknowable, and uncertainty about abandonment rates in West Texas can be expected to be important in determining how much exportable supply may come out of the U.S. in 2024/25.

Meanwhile, other sources of exports are expected to be plentiful. The Brazilian harvest is projected to set a new record of 16.7 million bales (14.6 million bales in 2023/24 was also a record). Australia is predicted to maintain production near its record (5.0 million bales in 2024/25, all-time high of 5.9 million set in 2021/22). West Africa is also forecast to produce more fiber in 2024/25 (from 4.9 million bales in 2023/24 to 5.2 million).

With more cotton available for export, a question is how strong import demand might be. China was the dominant source of import demand in 2023/24, with shipments more than doubling relative to 2022/23 (from 6.2 million in 2022/23 to 14.8 million forecast for 2023/24). Much of China's import demand in 2023/24 has been attributed to purchasing from the reserve system.

Those purchases easily exceeded sales from reserves that occurred between July and November (around 4 million bales), and the cotton purchased from the international market this crop year remains available to defer imports from the rest of world next crop year. It remains to be seen how much fiber accumulated in 2023/24 will be leveraged against imports in 2024/25, but the potential for China to pull back on imports at the same time that exportable supplies are expected to rise may weigh on the market.

Source: sourcingjournal.com– May 15, 2024

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What SLCP's 2023 Results Say About the Future of Social Audits

Janet Mensink, CEO of the Social & Labor Convergence Program, or SLCP, is happy to prove her naysayers wrong.

"There were quite a lot of critical stakeholders who thought we would never get anywhere," she said of the Cascale spinoff's somewhat rocky start, which stemmed from a desire by organizations such as the International Labour Organization's Better Work program, Fair Trade U.S.A. and Worldwide Responsible Accredited Production to streamline costly, time-consuming and often duplicative social compliance assessments.

Now in its fifth year of implementing the Converged Assessment Framework, better known as CAF, the multi-stakeholder initiative is hitting its stride, the SLCP's third annual impact report said on Wednesday. The past year alone saw 9,230 facilities conduct the CAF, a 27 percent increase from the 7,250 the year before. This, the SLCP estimates, "unlocked" up to $26 million in potential savings from redundant audits that can be reinvested in better labor conditions for millions of workers.

While the bigger pool resulted in a 5 percent uptick in instances of legal non-compliance, repeat users were, on average, less likely to be in violation than newer ones, suggesting that the tool is empowering manufacturers to "take ownership" and improve workplace conditions, Mensink said.

The trend also shows that factories that have invested in "thorough" management systems achieve a corresponding bump in performance. "These are the things that make me happy and make me feel proud," she added. "We have proof of concept."

It was time to split off from Cascale, formerly known as the Sustainable Apparel Coalition, Mensink said. The influential industry group was only meant to incubate the SLCP to drive convergence in the fashion industry. With the amount of progress the SLCP has made—more than 75 brands and organizations publicly accept SLCP data—plus a new five-year roadmap in place, it's ready to further scale and diversify the supply chains it covers, Mensink said. The organization is also keen to emphasize the "multi" in "multi-stakeholder," pulling in other standards holders, policymakers, academics and NGOs to better translate its aggregated data into more actionable steps.

“We feel having an independent, neutral MSI, based out of Europe, will provide us even more opportunities for that,” she said. “Right now we still want to continue adoption and scaling and uptake, but we also want to enable other stakeholders to use the data to drive improvement.”

With legislation breathing down the industry’s neck, it’s also important that the CAF remains “future proof” by keeping pace with the rapidly shifting regulatory landscape, Mensink said, adding that there will be at least a couple of updates to the platform in the next couple of years as the European Union rolls out its corporate social due diligence directive.

“The impact report is a bit of a teaser of all that we can evolve in so much more depth and breadth in the next five years,” she said. “And not just trying to focus on the uptake of the tool but also what can we do with it and what do we want to drive with it, which is decent working conditions.” Mensink is aware of the growing backlash against social audits. Some have decried what can often be a superficial “box-ticking” exercise as little more than a fig leaf for brand reputations. Others point to the rampant fraud and corruption in the audit industry.

In a congressional hearing about Uyghur forced labor in China earlier this month, Thea Lee, the U.S. Labor Department’s deputy undersecretary for international affairs, said that while social audits can be a useful tool to assess compliance at a “particular point in time,” they must be underpinned by a comprehensive social compliance system that champions trade unions, freedom of association and worker voice to be effective. And so far, those latter requirements are severely lacking in the labor space.

In some ways, the CAF is different from the typical social audit, Mensink said. The tool, she added, is for the public good, with facility ownership and a culture of “sharing credible data without punishment” at the “heart” of what the SLCP does. Last year, the organization launched the Worker Engagement Technology Program, allowing facilities to further involve workers in the assessment process. More than half of the factories assessed also involved workers’ representatives and/or workers in the self- or joint-assessment process, compared with less than one-quarter in 2022.

“We strongly believe that work engagement is a key factor,” Mensink said. Workers, she said, are an “additional source of data” that can confirm or counter the information coming from the verification itself, and sharing this with, say, trade unions on a local level, could generate insights on certain regions or specific topics. This is where the SLCP plans to double down over the next five years.

“We don’t claim that we’re perfect; there is still a lot that we need to do better,” Mensink said. Systemic change, in particular, is hard, she noted. And while the multi-stakeholder approach is the “right” way to do it, it’s not the fastest. The world is also facing unprecedented headwinds in terms of geopolitical turbulence and the effects of climate change, which in turn are causing supply chain disruptions and greater economic inequities.

“We need to have a systemic approach where everyone every stakeholder has their buy-in and we’re trying, in building our governance and on all different levels, to work with those principles,” she said. “But that does mean that sometimes you need to really take the time to listen to different people and come up with a solution that is a common-ground solution. It needs a lot of adjustments and re-validations and being willing to change and to improve.”

Still, Mensink thinks that the 2023 numbers show that the SLCP is “on the right track.” What’s needed now is greater uptake and acceptance of that common framework versus innumerable proprietary audits that have become a barrier to progress.

“I want to make it almost a call to action to everyone to join us in this effort because it is something that we should not be quarreling anymore on what’s the best tool,” she said. “But to move beyond that and put effort where it’s mostly needed in improvements and capacity building programs.”

Source: sourcingjournal.com– May 15, 2024

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As US hikes China tariffs, imports soar from China-reliant Vietnam

As the United States intensifies efforts to reduce trade with China by hiking tariffs, it has greatly boosted imports from Vietnam, which relies on Chinese input for much of its exports, data show.The surge in the China-Vietnam-US trade has vastly widened trade imbalances, with the Southeast Asian country last year posting a surplus with Washington close to $105 billion - 2.5 times bigger than in 2018 when the Trump administration first put heavy tariffs on Chinese goods.

Vietnam now has the fourth-highest trade surplus with the United States, lower only than China, Mexico and the European Union. The increasingly symbiotic relationship emerges from trade, customs and investment data reviewed by Reuters from the United Nations, the US, Vietnam and China, and is confirmed by preliminary estimates from the World Bank and half a dozen economists and supply chains experts.

It shows that Vietnam's export boom has been fuelled by imports from neighbouring China, with inflows from China almost exactly matching the value and swings of exports to the United States in recent years. In preliminary estimates shared with Reuters, the World Bank reckons a 96% correlation between the two flows, up from 84% before Donald Trump's presidency.

"The surge in Chinese imports in Vietnam coinciding with the increase in Vietnamese exports to the US may be seen by the US as Chinese firms using Vietnam to skirt the additional tariffs imposed on their goods," said Darren Tay, lead economist at research firm BMI, noting that could lead to tariffs against Vietnam after US elections.

The growing trade imbalance comes as Vietnam seeks to obtain market economy status in Washington after President Joe Biden pushed to elevate diplomatic ties with its former foe.

At over $114 billion last year, US imports of goods from Vietnam were more than twice as big as in 2018 when the Sino-American trade war began, which boosted the Southeast Asian nation's appeal among manufacturers and traders who sought to reduce risks linked to China-US tensions.

That surge accounted for more than half the $110-billion drop since 2018 in imports from Beijing, US trade data show. In key industries such as textiles and electric equipment, "Vietnam captured more than 60% of China's loss," said Nguyen Hung, a specialist in supply chains at RMIT University Vietnam.

But Chinese input remains crucial, as much of what Vietnam exports to Washington is made of parts and components produced in China, data show. Imported components accounted in 2022 for about 80% of the value of Vietnam's export of electronics - the US's main import from Hanoi - according to data from the Asian Development Bank.

One-third of Vietnam's imports come from China, mostly electronics and components, according to Vietnam data which did not provide further detail. Around 90% of intermediate goods imported by Vietnam's electronics and textile industries in 2020 were subsequently "embodied in exports", the Organisation for Economic Co-operation and Development said in a report, noting that was higher than a decade earlier and far above the average in industrialised countries.

The symbiotic relationship is reflected in latest data: In the first quarter of this year, US imports from Vietnam amounted to $29 billion, while Vietnam's imports from China totalled $30.5 billion, mirroring similarly corresponding flows in past quarters and years.

As inflation remains high, the White House has remained quiet on Vietnam's large trade surplus, but that may change after the November vote, analysts say.

"A possible scenario is that after elections, whoever wins may change the policy towards Vietnam," said Nguyen Ba Hung, principal economist at ADB's Vietnam mission, noting that would however raise US import costs.

The US Embassy in Hanoi declined to comment on trade imbalances.

Vietnam's foreign and trade ministries did not reply to requests for comment.

China's commerce ministry did not immediately respond to a request for comment.

COTTON AND PANELS

The surge in the China-Vietnam-US trade reflects the rise in investments in the Southeast Asian manufacturing hub, as companies relocate some activities from China.

Many of those manufacturers are Chinese firms that add value in their new factories in Northern Vietnam but still rely heavily on supply chains from their homeland.

But in some cases the trade involves finished products labelled as "Made in Vietnam" despite no value being added in the country, as the US Department of Commerce concluded in an investigation over solar panels last year. A separate probe on aluminium cables and second on allegedly unfairly subsidised solar panels are underway.

Another reason Vietnam is drawing US scrutiny is its exposure to Xinjiang, the Chinese region from where the US bans imports over accusations of human rights violations against minority Uyghurs.

Xinjiang is China's main source of cotton and polysilicon used in solar panels. Both are key for Vietnam's industry, whose exports of cotton apparel and solar panels accounted for about 9% of exports to the US last year. Vietnam is the country with the highest volume of shipments by value denied entry into the US over Uyghur forced labour risks, according to US customs data.

Vietnam's import of raw cotton from China fell by 11% last year to 214,000 tons, but it was roughly twice as big as in 2018.

China also exported to Vietnam at least $1.5 billion-worth of cotton apparel, up from nearly $1.3 billion in 2022. Meanwhile, US imports of cotton clothes from Vietnam fell by 25% to $5.3 billion last year, according to the data, which may not include all cotton items.

The fall in US imports came as Vietnam last year surpassed China as the main exporter of products covered by the Xinjiang ban, said Hung Nguyen of RMIT.

Source: tbsnews.net– May 16, 2024

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Italian textile machinery manufacturers to exhibit at ITM Istanbul

For textile machinery manufacturers Turkey is a major trading partner, given the importance of its textile and garment industry on a global scale. With regards to Italy's textile machinery sector, Turkey ranks second among foreign markets, with Italian textile machinery exports in 2023 amounting to a value of 183 million euros ($199.14 million).

The relevance of Turkish market for Italian machinery manufacturers justifies their significant presence as exhibitors at the upcoming ITM industry trade fair to be held in Istanbul from 4 – 8 June 2024.

In addition to the numerous Italian companies present at ITM with their very own booth or through agents, 16 companies will be exhibiting in the area organized by the Italian Trade Agency and ACIMIT – the Association of Italian textile machinery manufacturers (Hall MA, booth M004). The Italian pavilion will be hosting the following ACIMIT associated members: Bematic, Kairos, Macchine Carù, Martex, Noseda, Ommi, Pafasystem, Pinter Caipo, Proxima, Ramina, Ratti, Sicam, Siltex, Testa and Ugolini.

ACIMIT president Marco Salvadè thus commented: "Italy's textile machinery sector boasts a strong partnership tradition with Turkish textile manufacturers. From 2011 to 2023, the local textile industry invested roughly US$ 80 billion in new technologies, where more often than not these investments regarded the acquisition of Italian machinery." Indeed, Italy is one of the main suppliers of technology to local textile manufacturers, along with Germany and China.

"We want to strengthen this leadership position on the Turkish market," added Salvadè, "thanks in part to the latest technological developments being put forward by Italian machinery manufacturers, above all in the digitalization of production processes, thereby enhancing efficiency and optimization. I'm quite sure that visitors at ITM will be able to find at the booths of our exhibitors the most suitable solutions to raise the level of competitiveness of Turkish textiles."

Source: fibre2fashion.com– May 16, 2024

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On-Demand Manufacturing: A blueprint for the fashion industry's waste crisis

The global fashion industry is going through multiple levels of issues. Struggling sales, overflowing stockpiles, and unsustainable practices are just a few of the issues plaguing major brands. But a new solution is emerging: on-demand manufacturing.

Mass production, mass waste

Traditional fashion relies on made-to-stock, where vast quantities of clothing are produced based on forecasts. This often leads to overproduction, with unsold items ending up in landfills. Unsold items pile up in warehouses, or worse, get incinerated – as in the case of H&M burning 12 tons of clothes annually. This wasteful system also fuels a demand for cheap labor, with garment workers in developing countries facing exploitation. A 2022 study revealed the fashion industry is responsible for a staggering 10 per cent of global greenhouse gas emissions and generates 92 million tons of textile waste annually.
Making only what's needed

On-demand manufacturing flips the script. Clothes are produced only after a customer places an order, eliminating the need for guesswork and reducing waste. This reduces waste, minimizes stockpiles, and allows for smaller production runs. Imagine a world where your T-shirt is made specifically for you, not piled high in a distant warehouse.

However, promising, on-demand isn't without its hurdles. Big brands like Adidas experimented with customization with 'miAdidas' but faced challenges like longer wait times and higher costs. Consumers, accustomed to fast fashion's immediacy and affordability, weren't quite ready for the shift. Additionally, existing infrastructure geared towards large batches makes single-unit production impractical.

The rise of smart batches

The answer lies in a middle ground which is: small-batch production. Brands like Alohas and Asphalte are finding success with this approach. They manufacture closer to consumers, in smaller quantities, ensuring the right price and minimal waste. Indeed, small batches produced closer to the consumer, allows quicker turnaround times and competitive prices.

This approach aligns with existing manufacturing processes, making it more scalable.

Shifting consumer culture

Tech startups are playing a crucial role. Companies like Unspun (micro-batch 3D weaving), Silana (robotic garment assembly), and Pattern Project (AI-powered production) are revolutionizing the industry. Additive manufacturing (3D printing) promises to minimize waste by creating garments as single pieces, eliminating the need for excess fabric and cutting scraps.

Shifting consumer mindsets is equally important. We need to move away from the fast fashion mentality and appreciate the true cost and value of clothing. Regulations like France's Anti-Waste law are pushing for change, but a deeper cultural shift is necessary.

On-demand manufacturing isn't a one-size-fits-all solution, but it offers optimism about a more sustainable and responsible fashion future. By embracing innovation, educating consumers, and working collaboratively, the industry can finally break free from its wasteful ways.

Source: fashionatingworld.com– May 16, 2024

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Fast fashion market to reach $291.1 billion by 2032: Report

The fast fashion market is experiencing significant growth, driven by consumers' desire for the latest trends.

A report by Allied Market Research reveals that it was worth $103.20 billion in 2022 and is expected to reach $291.1 billion by 2032, with a remarkable compound annual growth rate (CAGR) of 10.7 per cent from 2023 to 2032. This rapid ascent highlights the industry's agility in meeting changing consumer demands with affordable and fashionable clothing.

Fast fashion epitomizes a business model that prioritizes agility and affordability. It revolves around the rapid design, production, and distribution of clothing and accessories to capitalize on the latest fashion fads. While this approach caters to consumers' desire for up-to-the-minute styles at pocket-friendly prices, it often raises concerns about ethical and sustainable practices within the industry.

Global Appeal: Factors driving fast fashion

In developing countries, fast fashion enjoys widespread popularity, driven by a confluence of economic, social, and cultural factors. Affordability and accessibility emerge as key attractions, particularly in regions where disposable incomes may be comparatively lower.

The affordability of fast fashion brands allows consumers to indulge in trendy attire without straining their budgets, while the accessibility of these brands through physical and online channels ensures broad market reach.

For many, fashion transcends mere clothing; it serves as a vehicle for self-expression and identity articulation. In the age of social media dominance, influencers and celebrities wield unprecedented influence, shaping trends and garnering legions of followers enamored with their distinctive styles.

Fast fashion adeptly taps into this phenomenon, swiftly translating international trends into accessible collections that resonate with consumers worldwide.

Marketing innovations driving demand

The fast fashion sector thrives on innovative marketing strategies designed to evoke urgency and excitement among consumers. Limited-time offers, flash sales, and exclusive collaborations create a sense of exclusivity, enticing consumers to make impulsive purchases and stay abreast of fashion trends. Particularly in developing countries with youthful, tech-savvy populations, these tactics resonate, aligning with their aspirations for individuality and trendiness.

The burgeoning pace of urbanization and globalization in developing nations dovetails with the ethos of fast fashion. As consumer lifestyles evolve, characterized by speed and convenience, fast fashion emerges as a natural fit. However, alongside its appeal, concerns loom regarding the industry's environmental and ethical ramifications, prompting a growing cohort of consumers to seek more sustainable alternatives.

Navigating market segmentation and regional dynamics

The fast fashion market is segmented by gender, end-user demographics, and distribution channels. With offerings tailored for men, women, adults, teens, and children, the industry caters to diverse consumer segments. Regionally, North America, Europe, Asia-Pacific, and LAMEA emerge as key markets, each characterized by distinct consumer behaviors and preferences.

Key players driving industry innovation

Leading the charge in the fast fashion arena are industry stalwarts such as Uniqlo, Forever21, The Gap, H&M, Primark, among others. These players leverage their global presence and brand recognition to capitalize on emerging opportunities while navigating evolving consumer sentiments.

Charting a sustainable future

As consumer awareness of sustainability mounts, the fast fashion landscape is poised for transformation. While the industry's growth trajectory remains robust, future success hinges on its ability to reconcile consumer demand for affordability and style with ethical and environmental imperatives. Adapting to shifting consumer priorities will be paramount for fast fashion brands seeking to maintain their competitive edge in a rapidly evolving marketplace.

In essence, the fast fashion phenomenon underscores not only the industry's capacity for innovation and adaptation but also the intricate interplay between consumer culture, social media influence, and global market dynamics. As the sector continues to evolve, its ability to strike a balance between commercial viability and sustainability will shape its trajectory in the years to come.

Source: fashionatingworld.com– May 16, 2024

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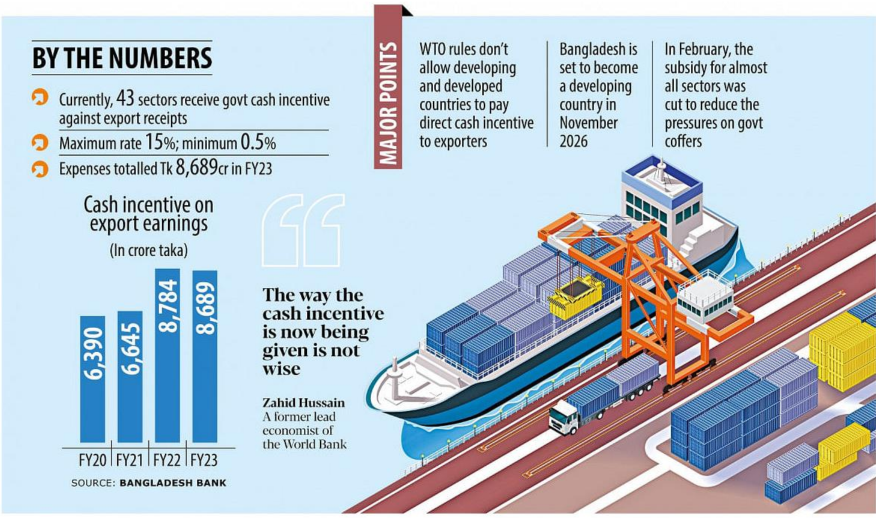
Bangladesh: Cash subsidy for exports surges. Only garment yields expected results

The government's cash incentive against export receipts has soared over the years although many sectors could not make their mark in the global market, bringing in limited results for the government's diversification initiative.



Currently, 43 sectors receive taxpayer-funded cash support, with the maximum rate standing at 15 percent and the minimum rate at 0.5 percent.

Of them, only the garment sector has consistently fared well, turning Bangladesh as the second-largest apparel supplier in the world. The sector accounts for about 85 percent of the country's exports as well.

The government has spent thousands of crores of taka over the years to help exporters become competitive in international trade. The subsidy amount stood at Tk 8,689 crore in the last financial year of 2022-23, slightly down from Tk 8,784 crore from a year prior, Bangladesh Bank data showed.

However, the generous handout can't be continued after 2026 since World Trade Organisation (WTO) rules don't allow developing and developed countries to pay direct cash incentives to exporters. Bangladesh is set to become a developing country in November 2026.

The imminent graduation and persisting pressure on the coffer amid low tax collections prompted the government to cut the subsidy for almost all sectors in February with a view to bringing down the rates gradually and protecting exporters from any shock that may emanate in the event of a sudden withdrawal of the cash aid.

The highest cash incentive rate has been reduced to 15 percent from 20 percent for most sectors. Only four sectors – diversified jute products, vegetables, fruits and products in the agro-processing sector, potatoes, and halal meat and processed meat exporters -- will qualify for the top rate.

Despite immense potential and direct cash assistance, sectors such as jute and jute goods, leather and leather goods, and agro-processing and frozen foods have not been able to emulate the feat achieved by the garment sector.

Even, results are mixed within the garment sector. For example, Bangladesh is still strong in cotton fibre garment items although the world has moved towards non-cotton items. Furthermore, apparel items produced from artificial materials fetch better prices than those made from the natural fibre.

Speaking to The Daily Star, Zahid Hussain, a former lead economist of the World Bank, said the way the cash incentive is now being given is not wise. "The way should be reconsidered because many sectors could not produce positive outcomes though the money was spent."

If Bangladesh, as a developing nation, provides direct cash incentives on export receipts, disputes regarding compliance will arise, he said.

Hussain said the diversification in the export sector did not take place except in the garment industry despite spending the money. Even corruption took place in the management of cash incentives.

"Therefore, if the incentive is retained for any sectors after the LDC graduation in different forms, the eligibility of sectors should be assessed."

SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association, said they had already held meetings with finance ministry officials and called for the continuation of incentives after the LDC graduation since countries such as India and China pay such incentives under different names.

"Many countries are giving the incentive in the name of technology upgradation or skills development funds."

According to the business leader, there are numerous small and medium enterprises and emerging sectors in Bangladesh that are not strong enough financially to cope up with the potential challenges in the post-LDC era.

"The cost of doing business is increasing because of the power tariff hike, so the government should continue the incentive even after the graduation."

Source: thedailystar.net– May 17, 2024

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Bangladesh could earn billions from carbon trade: experts

The global carbon trading market was worth $4.5 trillion in 2022 and may reach $8.98 trillion by 2050, they said.

However, Bangladesh is not ready to tap into this market as it lacks the adequate information, legal framework and expertise required from both the public and private sectors, they added.

Carbon trade is the buying and selling of credits that permit a company or other entity to emit a certain amount of carbon dioxide and other greenhouse gases.

In case a company or entity does not need their excess credits, then they can sell it to another company or entity for actual money.

Each carbon credit is measured as 1 tonne of carbon dioxide, with the International Monetary Fund having proposed an average price of $75 per unit.

However, the unit price varies in different parts of the world depending on the demand.

So far, Bangladesh has only earned a few hundred million US dollars from carbon markets.

But as the country is one of the lowest carbon emitters in the world, accounting for only 0.5 percent of global emissions, it has the potential to earn significantly more.

In the proposed Bangladesh Green Growth Framework of the World Bank, Eun Joo Allison Yi, senior environment specialist of the multilateral lender, urged for strengthening environmental governance and accounting systems.

Additionally, YI stressed the need for enabling energy independence through energy efficiency and trade in renewable energy, and to promote inclusive connectivity through green transport and logistic systems.

She also suggested investing in new green industries and human capital to promote job creation and green innovation, fostering liveable green cities through urban regeneration and building new smart cities.

Yi was speaking as a panellist at a discussion on the "Application of Carbon Financing: Challenges and Policy Options for Bangladesh" at the Bangladesh Institute of International and Strategic Studies (BIISS) in Dhaka yesterday.

Shams Mahmud, director of the Bangladesh Garment Manufacturers and Exporters Association, said garment factories can be run with green energy but fabric production requires fossil fuel.

He said many special economic zones (SEZs) are not yet ready for industrial units even though the central bank already said the setting up of new industries will not be allowed outside of SEZs.

State Minister for Finance Waseqa Ayesha Khan said the government aims to generate 40 percent of the country's energy requirement from renewable sources by 2041.

Mahfuz Kabir, research director of the BIISS, presented the keynote paper, titled "Pathways of Carbon Financing: Imperatives for Bangladesh".

In his presentation, Kabir said the existing buyers of carbon credits include Microsoft, Shell, BP, Nestle, Amazon, Delta Airlines, United Airlines, Coca-Cola, JP Morgan, and Goldman Sachs.

Some countries that buy carbon credits include Canada, the US, China, South Korea, New Zealand, Kazakhstan, the UK, Norway, Sweden, Spain, Portugal, France, Ireland, Italy, Greece and Iceland.

Besides, garment exporters in Bangladesh are also potential buyers of carbon credits, he added.

Source: thedailystar.net– May 16, 2024

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Pakistan: Textile exports dip slightly to $13.68bn in July/April as key segments contract

Textile exports dip slightly to $13.68bn in July/April as key segments contract

The textile exports declined 0.2 percent to $13.68 billion in the first 10 months of the current fiscal year, as key segments such as knitwear, cotton cloth, and readymade garments contracted.

However, bedwear and towel exports showed moderate increases over the same period last year. Monthly, the textile group's exports increased for the fourth consecutive month by a marginal 0.37 percent in April 2024 compared to April 2023. Official data released on Thursday that revealed textile exports reached $1.237 billion in April 2024, up from $1.232 billion in the same month the previous year.

In December 2023, textile exports saw a year-on-year increase of 3.3 percent, followed by a 10.1 percent rise in January 2024, a substantial 20.2 percent increase in February, and a 3.3 percent uptick in March 2024. Despite this monthly improvement, cumulative textile exports for July-April 2023/24 experienced a slight contraction of 0.19 percent, decreasing by $26 million to $13.68 billion, compared to $13.71 billion in the same period last year.

The Pakistan Bureau of Statistics (PBS) reported that compared to March 2024's exports of $2.3 billion, April sales declined by 4.84 percent.In April 2024, bedwear exports declined by 7.1 percent to $202.5 million, cotton cloth by 7.97 percent to $135 million, and cotton yarn by 15.1 percent to $54.1 million. However, knitwear exports increased by 1.44 percent to $326.3 million, towels by 1.45 percent to $80.75 million, and readymade garments by 17.7 percent to $135 million.

Rice exports, including Basmati, increased by 57 percent to $352 million. Basmati rice exports rose by 17.5 percent to $77.9 million, while other varieties surged by 73.4 percent to $275 million. From July 2023 to April 2024, total rice exports jumped by 80 percent to $3.28 billion from $1.82 billion the previous year, with Basmati exports up 34 percent to $699 million and other rice varieties up 98.6 percent to $2.58 billion

Vegetable exports in April 2024 increased by 23.5 percent to $32.7 million and fruits also up by 29.3 percent to $8.16 million. However, exports of meat and meat preparations were down by 2.57 percent to $43.5 million, and fish and fish preparation by 14.6 percent to $43.6 million over the same month of last year. Additionally, football exports in April increased by 423 percent to $26.3 million, plastic materials by 21.1 percent to $30.3 million, and engineering goods by 20 percent to $30.9 million, while footwear exports increased by 0.25 percent to

$9.9 million. Pharmaceutical products' exports were up by 20.8 percent to $29.5 million, Cement by 66.6 percent to $25 million, and leather manufacturing exports up by 0.78 percent to $42 million. However, surgical goods exports were down by 12.7 percent to $35.6 million over exports in April 2023.

IMPORTS

The PBS reported that total imports in the petroleum group surged by 88 percent to $1.676 billion in April 2024 compared to April 2023. Petroleum product imports increased by 115 percent to $673 million, crude oil by 110 percent to $581.5 million, LNG by 33 percent to $344 million, and LPG imports rose by 80.7 percent to $78 million.

During July-April of FY24, total imports in the petroleum group decreased by 1.5 percent to $13.76 billion compared to $13.97 billion in the same period of FY23. Notably, imports of petroleum products were reduced by 14.1 percent to $5.28 billion, while crude oil imports increased by 10.4 percent to $4.57 billion, LNG by 4.56 percent to $3.25 billion, and LPG imports also saw a rise of 14 percent to $657 million.

During the month under review, machinery imports surged by 151 percent to $906 million. Within this category, imports of telecom machinery and other apparatus witnessed a substantial increase of 515.5 percent to $211.7 million, largely due to a surge in mobile set imports. Pakistanis imported mobile sets of $161.4 million in one month which was over 14 times more than what was imported in the same month of the previous year.

In July-April of FY24, the import of mobile sets accounted for $1.46 billion, reflecting a significant increase of 209 percent compared to the previous year's imports of $473 million.

Moreover, in the machinery group, agriculture machinery imports increased by 84 percent to $8.18 million, and electrical machinery and apparatus by 290 percent to $486 million, construction and mining machinery imports up by 38 percent to $9.28 million.

However, power generation machinery imports dipped by 16.9 percent to $25.4 million and textile machinery imports were down by 10.4 percent to $14.2 million.

In the transport sector, total imports in April 2024 also increased by 154 percent to $159 million compared to $93 million in April 2023. Imports of completely built units (CBU) of buses, trucks, and other heavy vehicles saw an increase of 65.3 percent to $22.5 million. Imports of motor car units increased significantly by 148 percent to $21 million compared to the same month last year.

Imports of completely knocked down (CKD)/semi-knocked down (SKD) models of cars, motorcycles, buses, trucks, and other heavy vehicles increased by 140 percent to $90 million in April 2024. Within this category, motorcar imports increased by 215 percent to $72.2 million, and motorcycle imports increased by 41.4 percent to $3.19 million. Parts and accessories imports were also increased by 76 percent to $18.1 million.

Source: thenews.com.pk– May 17, 2024

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NATIONAL NEWS

Indian exporters hopeful of gaining from US-China tariff war

Indian exporters are hopeful that the US decision to impose penal tariffs on certain Chinese imports may result in opportunities for them as they could step in to meet some of the supply gap. This would be more so if Beijing retaliates, and it turns into a full-blown tariff war.

Exporters' body FIEO simultaneously cautioned that the threat of dumping from China cannot be ruled out and the government must keep a strict watch and take appropriate steps if needed.

The US move will start the tariff war between the two countries as retaliation is expected from China. Right now, about $18 billion worth of exports from China would be affected out a total of $420 billion (China's exports to the US).

This is a little over 4 per cent and thus marginal. But this will increase in times to come. This provides opportunity to India and other competitors to chip in to fill the supply gap," pointed out FIEO President Ashwani Kumar at a media interaction on Thursday.

Going by the present set of import duties imposed by the US on China, India has opportunities in facemasks, PPE, syringes & needles, medical gloves, aluminium and iron & steel, per a list prepared by FIEO.
US tariffs

Earlier this week, US President Joe Biden announced heavy penal tariffs on China across strategic sectors such as steel and aluminum, semiconductors, electric vehicles, batteries, critical minerals, solar cells, ship-to-shore cranes and medical products.

Once China retaliates and imposes penal duties on US products, Indian exporters may also have additional opportunity in China, but it would depend on whether market access is provided by China for these products, exporters say.

"China's unfair trade practices concerning technology transfer, intellectual property, and innovation are threatening American businesses and workers. China is also flooding global markets with artificially low-priced exports.

In response to China's unfair trade practices and to counteract the resulting harms, today, President Biden is directing his Trade Representative to increase tariffs under Section 301 of the Trade Act of 1974 on $18 billion of imports from China to protect American workers and businesses," per a statement issued by the White House.

According to FIEO, China is sitting on overcapacity in many sectors and thus the threat of dumping, could not be ruled out, when an important market was closed for its exports. "I am sure industry, and the government will be keeping a close watch on imports and if surge or dumping happens, DGTR will take appropriate action to safeguard our industry," Kumar said.

Source: thehindubusinessline.com– May 16, 2024

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Priority sector: RBI may consider demand for sub-target for export credit

The RBI may consider exporters' demand for a sub-target for export credit within the existing 40 per cent target for priority sector lending (PSL) to ensure improved credit flow to the sector suffering a cash crunch due to disruptions caused by the Red Sea crisis.

Exporters body Federation of Indian Export Organisations (FIEO) has proposed to the Commerce Department that about 5-6 per cent should be earmarked for the export sector within priority sector lending prescribed to banks to help them meet the increased need for credit because of longer shipping times and payment delays.

This could be in line with the 7.5 per cent sub-target set for MSMEs, within the 40 per cent of PSL, pointed out Ashwani Kumar, President, FIEO, in a media interaction on Thursday.

Credit Crunch

"With longer voyage time on account of diversion of cargo through the Cape of Good Hope (because of Houthi attacks in the Red Sea triggered by Israel's war on Palestine) coupled with slow offtake, buyers are delaying payments, necessitating higher credit for a longer period. This requires additional flow at most competitive rates," he said.

While exports are already included in the PSL list, it does not guarantee more credit flow, another industry source pointed out. "Under PSL, 40 per cent of bank credit has to go to certain specified sectors. So, assuming that by allocating higher resources to education, a bank is meeting its target, it is not inclined to lend to exporters. That is why we want about 5-6 per cent should be earmarked for the export sector," the source said.

Rate Subvention

Exporters also made a case for an increase in the rate of interest subvention or subsidy under the interest equalisation scheme as bank rates had increased. "To provide competitive interest rates, the interest subvention may be restored to 3 per cent for 410 tariff lines (from 2 per cent) and 5 per cent for MSME manufacturers (from 3 per cent)," Kumar said.

The Commerce Department understands the predicament exporters are facing with a 30-45 days increase in voyage time to Europe and delayed payments drying up coffers, but the final decision on the matter has to come from the Finance Ministry and the RBI, the source added.

Source: thehindubusinessline.com– May 16, 2024

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Kasturi Cotton program revives India's historic cotton legacy

Cotton has been a cornerstone of India's agricultural heritage for thousands of years. To restore and celebrate this heritage, the Government of India, in collaboration with the Cotton Corporation of India and TEXPROCIL, announced the launch of the Kasturi Cotton program.

The program aims to elevate Indian cotton to new heights of global excellence, with a vision to establish a brand synonymous with unparalleled quality. This ambitious undertaking has brought together stakeholders across the cotton industry, from farmers to ginners, fostering adoption of best practices for enhanced yield, quality, and production.

Through a series of intensive workshops and seminars, Kasturi Cotton has empowered farmers and ginners with the knowledge to follow key practices of sowing, picking, storage and transportation. The program highlights the benefits of these practices, resulting in a milestone achievement: the production of 50,000 and more Kasturi-certified cotton bales.

These premium bales boast superior quality, characterized by reduced thrash and moisture content, making it the preferred choice for spinners seeking increased output and profitability. Certified by Kasturi, these bales have garnered significant demand in the market, marking a pivotal step towards restoring the trust in the finest quality of Indian cotton.

Kasturi Cotton certification promises a trusted ecosystem where stakeholders can rely on the exceptional qualities of softness, lustre, strength, and purity for their products. This achievement highlights a commitment to showcasing the excellence of Indian cotton on the global stage.

Source: fibre2fashion.com– May 16, 2024

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UN revises India's 2024 economic growth projection upwards to nearly 7%

The United Nations has revised upwards India's growth projections for 2024, with the country's economy now forecast to expand by close to seven per cent this year, mainly driven by strong public investment and resilient private consumption.

The World Economic Situation and Prospects as of mid-2024, released Thursday, said, India's economy is forecast to expand by 6.9 per cent in 2024 and 6.6 per cent in 2025, mainly driven by strong public investment and resilient private consumption. Although subdued external demand will continue to weigh on merchandise export growth, pharmaceuticals and chemicals exports are expected to expand strongly.

The 6.9 per cent economic growth projections for India in the mid-year update is an upward revision from the 6.2 per cent GDP forecast made by the UN in January this year. The UN World Economic Situation and Prospects (WESP) 2024 report that was launched in January had said that growth in India was projected to reach 6.2 per cent in 2024, amid robust domestic demand and strong growth in the manufacturing and services sectors. The projection in January for India's GDP growth for 2025 remains unchanged at 6.6 per cent in the latest assessment of the economic situation.

The update said that consumer price inflation in India is projected to decelerate from 5.6 per cent in 2023 to 4.5 per cent in 2024, staying within the central bank's two to six per cent medium-term target range.

Similarly, inflation rates in other South Asian countries declined in 2023 and are expected to decelerate further in 2024, ranging from 2.2 per cent in the Maldives to 33.6 per cent in Iran. Despite some moderation, food prices remained elevated in the first quarter of 2024, especially in Bangladesh and India.

In India, labour market indicators have also improved amid robust growth and higher labour force participation, it said. India's government remains committed to gradually reduce the fiscal deficit, while seeking to increase capital investment.

South Asia's economic outlook is expected to remain strong, supported by a robust performance of India's economy and a slight recovery in Pakistan and Sri Lanka. Regional GDP is projected to grow by 5.8 per cent in 2024 (an upward revision of 0.6 percentage points since January) and 5.7 per cent in 2025, below the 6.2 per cent recorded in 2023.

However, still tight financial conditions and fiscal and external imbalances will continue to weigh on South Asia's growth performance. In addition, potential increases in energy prices amid geopolitical tensions and the ongoing disruption in the Red Sea pose a risk to the regional economic outlook, it said.

The world economy is now forecast to grow by 2.7 per cent in 2024 (an increase of 0.3 percentage points from the forecast in January) and 2.8 per cent in 2025 (an increase of 0.1 percentage points).

The upward revisions mainly reflect a better outlook in the United States, where the latest forecast points to 2.3 per cent growth in 2024 (an upward revision of 0.9 percentage points since January), and several large emerging economies, notably Brazil, India and Russia.

It noted that several large developing economies Indonesia, India and Mexico are benefiting from strong domestic and external demand. In comparison, many economies in Africa and Latin America and the Caribbean are on a low-growth trajectory, facing high inflation, elevated borrowing costs, persistent exchange rate pressures and lingering political instability. The possible intensification and spreading of conflicts in Gaza and the Red Sea add further uncertainties to the near-term outlook for the Middle East, the mid-year update said.

Global trade is expected to recover in 2024. The early boost to trade flows in the first months of the year can be attributed to destocking of the inventory that piled up amid supply-chain disruptions in 2021-22. China's foreign trade grew faster than expected in the first two months in 2024, driven largely by exports to emerging markets, particularly to Brazil, India and Russia, it said.

However, persistent geopolitical tensions in the Middle East and disruptions in the Red Sea, and escalating cost of freight continue to pose challenges to global trade, it added.

The mid-year update said global economic prospects have improved since January, with major economies avoiding a severe downturn, bringing down inflation without increasing unemployment. However, the outlook is only cautiously optimistic. Higher-for-longer interest rates, debt sustainability challenges, continuing geopolitical tensions and ever-worsening climate risks continue to pose challenges to growth, threatening decades of development gains, especially for least developed countries and small island developing states.

The outlook for China registers a small uptick with growth now expected to be 4.8 per cent in 2024, from 4.7 per cent projected in January. China's growth is projected to moderate to 4.8 per cent in 2024, from 5.2 per cent in 2023. Pent-up consumer demand released after the lifting of pandemic-related restrictions has largely dissipated. While enhanced policy support is expected to boost investments in public infrastructure and strategic sectors, the property sector poses a significant downside risk to the Chinese economy, it said.

Source: business-standard.com– May 16, 2024

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India-EFTA TEPA win-win for both sides: Industry

The Trade and Economic Partnership Agreement (TEPA) signed between India and EFTA on March 10 this year could be win-win situation for both sides. EFTA (the European Free Trade Association) comprises Switzerland, Norway, Iceland, and Liechtenstein.

During a webinar organised by the Confederation of Indian Textile Industry (CITI) today, industry captains and major textile company heads opined that India and EFTA's key member country Switzerland can supplement each other in the field of textiles.

Manoj Patodia Managing Partner, Patodia Overseas Exports, said in the webinar on "Enhancing Indo-Swiss Textile & Apparel trade" that the world is moving towards sustainability. Indian companies can get help from Swiss companies in this direction. Swiss companies have done a lot in sustainability and circularity in the textile value chain. He said that Indian companies have also taken several steps to minimise carbon footprint and save resources in textile processing.

Patodia emphasised on digital transformation of supply chain for sustainability. He said that Swiss companies can help Indian counterparts in digital transformation, which can not only reduce burden on resources but also reduce the cost of production.

Peter Fluckiger, Chairman of the Board, Swiss Textiles, said that sustainability is getting more focus today due to awareness for our environment. Swiss companies have developed technologies for recycling in the textile value chain. He said that the TEPA between India and EFTA is the perfect match and very beneficial for both nations.

Speaking about the benefits of the trade agreement, Fluckiger said that Indian textile companies will get access to the EFTA market with 100 per cent duty free waiver. EFTA companies will invest $100 billion in the next 15 years in India. He also mentioned that there are about 16 different types of certifications for sustainability in European Union.

Ashwin Chandran, Deputy Chairman, CITI, and CMD, Precot Ltd, said that the FTA has vast potential to increase bilateral trade. India is among the major suppliers of textile and apparel to Switzerland. He said that Indian companies can source specialised yarn for their need from

Switzerland. Therefore, the trade agreement will prove to be a win-win for both countries.

Annabelle Hutter, Managing Director, Santis Textiles explained how her company Santis can help Indian companies to recycle old cloths into good quality fibre which can be used to produce textile products. She said that RCO100 is a sophisticated machine which can produce fibre from recyclable textile waste.

Wolfgang Haberl, Director- Sales, TextilColor told audience that his company provides solutions such as EcoBleach, Ecodye, EcoFix and EcoThren. These technologies provide solutions for textile processing in a sustainable manner. His company's process saves water and other resources and provide better results.

Source: fibre2fashion.com– May 16, 2024

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Govt makes a case for Kasturi cotton amid ginners' opposition

Amid tiff between govt and cotton ginners over branding cotton from the region, ICAR-CIRCOT director SK Shukla, on Thursday, urged ginners to ensure supply of good quality cotton bales to meet Kasturi brand norms.

Shukla travelled to the city from Mumbai to attend a national workshop on "Branding of the Vidarbha Cotton as Kasturi", at NBSS&LUP auditorium, on Thursday.

Shukla briefed the ginners about quality standards of Kasturi Cotton and means and ways to achieve them by Vidarbha ginners. He also motivated the ginners to bring at least 80% of cotton bales that can meet the Kasturi brand norms.

The national-level workshop was jointly organized by ICAR-Central Institute for Research on Cotton Technology (CIRCOT), Mumbai in association with The Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai and Vidarbha Cotton Association.

CD Mayee, former chairman, ASRB, New Delhi, SK Shukla, Director, ICAR-CIRCOT, Mumbai, Dr. Siddhartha Rajagopal, Executive Director, TEXPROCIL, Mumbai, Vijay Kuradagi, director, (Marketing), CCI Ltd., Mumbai, AL Waghmare, director, Directorate of Cotton Development, Nagpur, Bhavesh Shah, president, Vidarbha Cotton Association (VCA), Nagpur, Irfan Khoje, secretary, VCA, K Pandiyan, Sr. Scientist & Officer In-Charge, GTC, ICAR-CIRCOT, Nagpur, Udaysinh Kharat, jt director, TEXPROCIL, Mumbai were present.

Bhavesh Shah insisted on improving cotton productivity through farm practice interventions. He presented the perspective of Vidarbha Cotton Association on Kasturi branding. He also emphasized on the need for addressing the challenge of allergies during handling of cotton by farmers as well as labourers.

On Kasturi branding, Rajagopal said it is for the first time that efforts are being made to ensure cotton quality is maintained in an organized manner. Kuradagi explained benefits of branding to the CCI Ltd.

Senthilkumar discussed the importance of BIS certification of cotton bales and the procedure to get certificates from BIS.

Mayee, in his address, mentioned the need to promote cotton as one of the important cash crops for farmers. On the organisation of the national-level workshop, Mayee hailed the organizers and advised that such programmes should be organized often to promote the cultivation of Kasturi cotton.

Source: timesofindia.com– May 17, 2024

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India's merchandise exports may grow to $500-510 bn in FY25: FIEO

Merchandise exports from India may grow to $500-510 billion in the current financial year (FY25) after witnessing a 3 per cent contraction in the last financial year (FY24), Federation of Indian Export Organisations (FIEO), the apex body for exporters, said on Thursday.

Services exports could be worth $390-400 billion, pushing the country's total exports to around $890-910 billion, FIEO President Ashwani Kumar told reporters. This will be driven by sectors such as engineering, and advertising services, among others. Expansion of the global capability centre and their businesses are expected to further push exports. India’s total exports stood at $778 billion in FY24.

India’s traditional export markets such as the United States (US) and Europe will drive the growth. Demand for technology-driven sectors like electronics, machinery, high and medium technology, pharmaceuticals, medical and diagnostic equipment, among others, are expected to be robust.

“We will benefit by increasing incremental production under the PLI (production-linked incentive) scheme, much of which will find its way to exports. The labour-intensive sectors like apparel, footwear and gems & jewellery, which suffered a double-digit decline in 2023-24, are set to post better results,” FIEO’s vice president Israr Ahmed said, adding that with a better monsoon forecast, “we expect some of the restrictions on cereal exports may also be lifted.”

CREDIT WOES

The apex exporters’ body also said the demand for credit had gone up with rising inflation, high commodity prices and abnormal increases in sea and air freight.

With the longer voyage time, on account of diversion of cargo through the Cape of Good Hope, coupled with slow offtake from the shelves, the buyers are also taking longer time to remit export proceeds, resulting in higher credit for a longer period. This requires additional flow at the most competitive rates.

“A sub-target for exports within the overall target for the priority sector lending is required. Given a consistent decline in credit to exporters during recent times, as also the importance accorded to finance in driving export growth, the RBI may consider prescribing a sub-target for export credit within the existing 40 per cent target for priority sector lending (PSL) as has been done for MSME with 7.5 per cent sub-target, within the 40 per cent of PSL,” FIEO said.

US TARIFFS ON CHINA

The US’ move to slap new tariffs on Chinese imports will start the tariff war between the two countries as retaliation is expected from China, Kumar said, adding that this can be an opportunity for India and other competitors to chip in the supply gap.

He said since China has overcapacity in many sectors, there could be a threat of dumping of products in India.

“I am sure the industry and the government will be keeping a close watch on imports and if surge or dumping happens, DGTR will take appropriate action to safeguard our industry,” Kumar said.

Source: business-standard.com– May 16, 2024

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