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Currency Watch			
USD	EUR	GBP	JPY
83.23	90.40	106.10	0.53

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INTERNATIONAL NEWS

US economy starts 2024 on softer note, recession not expected: TCB

The US economy started this year on a softer note than anticipated as elevated inflation and interest rates continued to weigh on the economy, according to The Conference Board (TCB).

Though the US think tank does not anticipate a recession this year, it does expect consumer spending growth to cool further and for overall gross domestic product (GDP) growth to slow to under 1 per cent between the second quarter (Q2) and the third this year.

Thereafter, inflation should gradually normalise to the Federal Reserve's 2-per cent target in 2025 as quarterly annualised GDP growth rises toward its potential of near 2 per cent, the think tank said in a release.

The TCB leading economic index (LEI) for the country decreased by 0.6 per cent in April this year to 101.8 after decreasing by 0.3 per cent in March. Over the six-month period between October 2023 and April 2024, the LEI contracted by 1.9 per cent—a smaller decrease than its 3.5-per cent decline over the previous six months.

The LEI provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term.

"Another decline in the US LEI confirms that softer economic conditions lay ahead," said Justyna Zabinska-La Monica, TCB senior manager, business cycle indicators.

"Deterioration in consumers' outlook on business conditions, weaker new orders, a negative yield spread, and a drop in new building permits fueled April's decline. In addition, stock prices contributed negatively for the first time since October of last year. While the LEI's six-month and annual growth rates no longer signal a forthcoming recession, they still point to serious headwinds to growth ahead, she added.

Interest rates should fall starting in late 2024, but may stabilise at levels exceeding the pre-pandemic average.

Though US consumer spending held up remarkably well in 2023 despite numerous headwinds, the trend has begun to wane, the think tank noted. Real retail sales growth is in retreat and consumer confidence has fallen for several months.

Gains in real disposable personal income growth are softening, pandemic savings have been exhausted, and household debt is increasing rapidly. Consumers are spending more of their income to service debt and auto loan and credit card delinquencies are rising quickly.

Thus, the think tank forecasts that overall consumer spending growth will continue to slow in Q2 and Q3 2024 as households struggle to find a new equilibrium between income, debt, savings and spending.

The TCB coincident economic index (CEI) for the United States rose by 0.2 per cent in April to 112.3 after also increasing by 0.2 per cent in March.

As a result, the CEI was up by 0.9 per cent over the six-month period ending April 2024, slightly ahead of its 0.8-per cent increase over the previous six months. The CEI offers an indication of the current state of the economy.

Source: fibre2fashion.com– May 22, 2024

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US home textile imports see upward trend in Q1 2024, but caution remains

US home textiles imports the first quarter of 2024 showed signs of a rebound, sparking cautious optimism in the industry. However, lingering questions about long-term trends and country-specific variations paint a complex picture.

Shifting import trends

Compared to the lackluster performance in Q1 2023, there has been an increase in home textile imports for the first three months of 2024. Data suggests a rise of around 20 to 25 per cent when compared to Q1 2023 figures. This aligns with the overall import surge witnessed in the textile and clothing sector during the same period.

However, a broader view paints a different story. Looking back at pre-pandemic levels, home textile imports in Q1 2024 still fall short. Industry reports indicate a decline of approximately 10-15 per cent compared to a robust Q1 2022

India maintains strong position, others show fluctuations

Examining import sources reveals a mixed bag. India, a major supplier of home textiles to the US, seems to have maintained its position. However, there are indications of a potential decline in import volume from India, mirroring the downward trend observed in the later quarters of 2023. This could be due to various factors, including increased competition from other Asian countries or fluctuations in global cotton prices, a key raw material.

Countries like Germany, known for high-quality and functional home textiles, reportedly witnessed an increase in imports during 2023. This could indicate a shift in consumer preferences towards specific styles or a strategic focus by European suppliers.

The future outlook for US home textile imports remains cautiously optimistic. The ongoing growth in the real estate market and rising disposable incomes are projected to fuel demand. This, coupled with the increasing focus on home improvement and aesthetics, could lead to a gradual rise in imports over the coming quarters.

However, the path won't be smooth. Geopolitical tensions, fluctuating raw material prices, and potential disruptions in global supply chains remain significant concerns. Additionally, the performance of the US dollar and consumer spending habits will also play a crucial role in shaping the import landscape.

The US home textile import scene in Q1 2024 reflects a period of transition. While there's a welcome increase compared to the recent slump, pre-pandemic levels remain elusive. A shift in import sources, with potential declines from traditional players like India, is also on the horizon. Looking ahead, a cautious optimism prevails, with the future course heavily dependent on various economic and global factors.

Source: fashionatingworld.com– May 22, 2024

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US Default Risk for Fashion Retailers Shows Improvement in May

The default risk for U.S. retailers eased slightly in May.

The overall retail default risk slipped to 2.1 percent from 2.4 percent in April—and even better were the defaults risks for fashion retailers.

Broadline retail slipped to 3.3 percent from 3.5 percent in April, with apparel retailers falling to 3.0 percent to 3.7 percent over the same period. Other specialty retailers fell to 2.9 percent from 3.8 percent, while the risk for apparel, accessories and luxury goods retailers was 1.5 versus the prior month's 2.0 percent. Footwear retailers dipped to 0.9 percent from 1.1 percent in April.

The two retail sectors that saw in increase in default risk were drug retailers, rising to 6.7 percent from 6.5 percent, and home furnishing retailers, which hit 2.7 percent from 2.4 percent.

So far, the only U.S. fashion retail bankruptcy was fashion chain Rue21, which filed on May 2. April's default risk for retailers was up due to the bankruptcies of mall fashion chain Express Inc. on April 22, kitchen and bath showroom retailer Pirch Inc. on April 19, and 99 Cents Only Stores' parent Number Holdings Inc. on April 7.

Thus far, there have just been 14 retail bankruptcies in 2024. Other retailers that have filed include Sam Ash Music Corp on May 8, craft retailer Joann Inc. on March 18, and home improvement site Polished.com Inc. on March 7. With inflation rising as it has, consumers have been pulling back on discretionary purchases, focusing on must-need items on their grocery lists.

Source: sourcingjournal.com– May 21, 2024

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South Carolina Ports Briefly Shut Down, Citing 'Software Issue'

Cargo pickup and drop offs are now accepted at all marine terminals and Inland Port Greer. The complex will extend gates until 7 p.m. Tuesday at Wando Welch and North Charleston terminals to support cargo owners and carriers.

The South Carolina ports temporarily shut down operations Monday and remain closed Tuesday morning stemming from a "vendor software issue" that impacted one of its servers.

As of 11 a.m, the SC Ports' operating system is back "up and running" and vessels are being worked on, the ports' authority says. Cargo operations are still unavailable, with gates to the ports remain closed for loading and unloading.

The software issue first forced the SC Ports Authority to suspend all cargo operations at the Port of Charleston as well as at South Carolina's intermodal rail facilities Inland Port Greer and Inland Port Dillon. No cargo pickup or drop off occurred during this process.

According to a statement from the ports, work is "progressing."

"SC Ports has made further progress on our gate issue, but it is not entirely resolved," said the authority in an update posted on its website at 10 a.m. Tuesday. "We understand the impact that this issue is having on our partners in the industry. We are moving to hourly updates to keep our maritime partners and customers posted on our progress."

An initial update Sunday evening first indicated that the issue would delay Monday's port opening to 10 a.m., the opening was postponed two more times before the authority called off operations for the day at 1 p.m.

While the authority initially said it expected to reopen the ports at 5 a.m. Tuesday, it revealed in the morning that it was still trying to bring systems back online, and is still "working through some issues bringing our gate systems back up."

Although the first Sunday update said the incident did not appear to be a cybersecurity issue, ensuing updates throughout Monday into Tuesday morning removed any mention of cybersecurity.

The ports have referred to it as a “fluid situation.”

Charleston’s Port and Courier newspaper reported that three containerships were scheduled to dock at the Port of Charleston’s Wando Welch terminal on Monday—the ONE Wren, Maersk Innoshima and Long Beach Express. According to MarineTraffic, all three are currently moored at the terminal.

According to the report, the port authority said workers could continue working those ships. However as of yesterday, no cargo was being loaded to trucks and that the gates were closed.

As of 11 a.m. Tuesday, 11 container ships are at anchor off the coast of the Port of Charleston awaiting to enter the port, according to Marine Traffic. South Carolina’s ports had a strong March, handling 216,410 20-foot equivalent units (TEUs) of throughput last month, up 12 percent year-over-year, and 118,481 pier containers, up 11 percent from last year. The Port of Charleston reports at 52 feet, making it the deepest harbor on the U.S. East Coast.

The issue comes as there has been a major push by the Biden administration to strengthen port infrastructure and improve security capabilities at the gateways, with the White House earmarking $20 billion over the next five years to bolster these initiatives.

As part of the investment, Biden signed an executive order giving the Coast Guard the authority to control the movement of vessels that present a known or suspected cyber threat to U.S. maritime infrastructure, and be able to inspect those vessels and facilities that pose a threat to cybersecurity.

While there has been no official word on what caused the software problems, cyberattacks have been growing concern for ports, with national security officials saying the U.S. shouldn’t be as reliant on foreign-made cranes, particularly out of China. Port of Los Angeles executive director Gene Seroka even acknowledged the possible risks in February, telling Bloomberg, “they’re collecting data, they’re looking at information.”

The U.S. maritime system hasn't experienced a significant impact from a cyber breach in recent years, but Port Houston previously fell victim to an incident.

In August 2021, suspected foreign government-backed hackers breached a computer network at the Texas port. The breach was detected early, which prevented any operational disruptions. Cybersecurity and Infrastructure Security Agency (CISA) director Jen Easterly revealed to a Senate committee a month later that the organization believed a "nation-state actor" was to blame for the attack. The origin was never publicly revealed.

Internationally, a cyberattack forced one of Australia's largest port operators, DP World Australia, to suspend operations for three days in November last year.

Source: sourcingjournal.com– May 21, 2024

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Swiss textile companies keen on cooperation with Uzbekistan

Representatives from Swiss textile companies recently expressed interest in cooperating with Uzbekistan in industrial and investment projects.

The interest was expressed at a webinar organised by the consulate general of Uzbekistan in Frankfurt and the chairman of the board of the Uzbek-Swiss Chamber of Commerce and Industry Gulnara Salimova for members of the National Textile Federation of Switzerland (Swisstextiles), a news agency reported.

The webinar was on the economic development of Uzbekistan and the formation of a favorable investment climate for expanding exports and modernising the textile industry.

The event was attended by employees and members of the Department of International Relations of the Swiss Textile Federation "Swisstextiles", Chairman of the Board of the Uzbek-Swiss Chamber of Commerce and Industry (UZSCCI) Gulnara Salimova, Executive Director of the International Textile Federation in Germany (ITMF) Christian Schindler.

Salimova informed participants about the rich raw materials and diversified industrial base of Uzbekistan. The textile industry is one of the leading and dynamically developing sectors of the Uzbek economy, she informed.

Over the last seven years, the sector has become one of the leaders in attracting foreign investment and exporting products with high added value, an Uzbek media outlet reported.

Source: fibre2fashion.com– May 22, 2024

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Cambodia, S Korea to set up talks channel between Korean firms, CDC

South Korea and Cambodia recently decided to have regular consultation sessions between Korean companies and the Council for the Development of Cambodia (CDC) aimed at boosting bilateral trade and investment cooperation.

The countries also decided to develop a special economic zone (SEZ) in Cambodia for South Korean companies interested to invest and expand production chains in the country.

The decisions were arrived at during high-level talks between Prime Minister Hun Manet and South Korean President Yoon Suk Yeol during the visit of the latter to Seoul. Both leaders discussed bilateral cooperation in several sectors, including infrastructure development and trade connectivity.

Both sides also agreed to boost digital trade and intellectual property cooperation for innovation-driven sustainable development while remained committed to strengthening supply chains. Earlier, Manet witnessed the signing of six memoranda of understanding (MoUs) between his country and South Korea at the Cambodia-Korea Business Forum.

The first MoU was signed between the Cambodia Chamber of Commerce (CCC) and the South Korean Chamber of Commerce and Industry.

The next three MoUs were signed by the National Bank of Cambodia (NBC) with JB Financial Group Co Ltd, KB Kookmin Bank Co Ltd and Woori Bank to promote cross border QR payments and remittance for migrant workers.

The fifth agreement was inked by the Credit Bureau (Cambodia) Co Ltd with the Korea Credit Bureau (KCB) and the Jeonbuk Bank Co Ltd on cross-border credit report sharing, while the sixth MoU was signed between the Worldbridge Group of Companies and Daewoo E&C.

Source: fibre2fashion.com– May 21, 2024

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Sri Lanka gazettes key Economic Transformation Bill

The Sri Lankan government has gazetted the Economic Transformation Bill, setting ambitious targets for the country's economy over the next two and a half decades.

The bill, introduced by President Ranil Wickremesinghe in his role as minister of Finance, Economic Stabilisation, and National Policies, reportedly received cabinet approval earlier this month even as it aims to establish a National Policy on Economic Transformation and create several new institutions, including the Economic Commission, Investment Zones Sri Lanka, the Office for International Trade, the National Productivity Commission, and the Sri Lanka Institute of Economics and International Trade.

This new legislation will replace the Board of Investment (BOI) of Sri Lanka Law, No. 4 of 1978, with the Economic Commission of Sri Lanka. A key aspect of the bill is the restructuring of government debt.

It sets specific fiscal targets: maintaining the Public Debt to GDP ratio below 95 per cent by 2032, keeping the central government's Annual Gross Financing Needs to GDP ratio below 13 per cent by 2032, and reducing the central government's Annual Debt Service in foreign currency to GDP ratio to below 4.5 per cent by 2027.

The policy aims to transform Sri Lanka into a highly competitive, export-oriented, digital economy, promoting diversification and deep structural changes to enhance competitiveness. It includes goals such as achieving Net Zero emissions by 2050, increasing global economic integration, maintaining stable macroeconomic balances, and ensuring sustainable debt.

The policy also focuses on modernising agriculture to boost productivity and exports and promoting inclusive economic growth and social progress.

Upon enactment, the cabinet of ministers will be responsible for implementing the National Policy on Economic Transformation, targeting 5 per cent annual GDP growth by 2027 and higher rates thereafter.

The bill also aims to reduce unemployment to below 5 per cent by 2025 and increase female labour force participation to at least 40 per cent by 2030 and 50 per cent by 2040.

The Economic Commission, established under the bill, will enhance the investment climate, facilitate sustainable foreign direct investment, stimulate international trade, and create employment opportunities.

It will oversee the establishment and management of Investment Zones, promote ease of business for investors, and identify strategic investments that significantly benefit the economy through foreign exchange inflows, exports, and job creation.

Source: fibre2fashion.com– May 21, 2024

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Int'l distributors, retailers seek to connect with Vietnamese suppliers

Many distribution systems and foreign enterprises have shown interest in and are sending requests regarding items they want to trade at the Vietnam International Sourcing 2024, which is slated for June 6-8 in Ho Chi Minh City.

According to the Ministry of Industry and Trade (MoIT)'s European-American Market Department, a large number of leading global distributors and retailers have confirmed their participation in the event.

For the first time, MINISO, a leading retail chain in China, has confirmed its presence at the Vietnam International Sourcing 2024 and expressed the desire to connect with manufacturers and suppliers in many fields, including household goods, cosmetics, food, toys, furniture, and handicrafts.

A representative from MINISO said that the firm aims to seek sustainable partners through the event, towards directly signing contracts with Vietnamese suppliers to achieve its goal of purchasing large quantities of consumer products.

Meanwhile, Northern European businesses have expressed interest in connecting with Vietnamese enterprises in the food and houseware sectors.

Additionally, Aeon, a leading distributor in Japan, said it will send its purchasing delegations from Malaysia, Cambodia, Thailand, and Hong Kong (China) to the event to seek potential suppliers.

Falabella, the largest retail chain in Latin America with 577 stores and shopping centres operating in Chile, Argentina, Brazil, Colombia, Mexico, Peru, and Uruguay, has also confirmed its participation in the event.

According to the department, among the hundreds of international purchasing delegations expected to "land" in Vietnam in June, many have expressed their desire to find sustainable partners in the fields of textiles, garments, and footwear.

The Vietnam International Sourcing 2024 event is expected to bring together 500 enterprises representing different sectors in the international supply chain, focusing on the industries of food, textiles, footwear, backpacks, bags, sports and outdoor products, household appliances, and furniture.

In the framework of the event, many specialised workshops and business-matching events will be organised with the participation of major corporations such as Aeon and Uniqlo (Japan), Walmart, Amazon, and Safeway of the US, Falabella (Chile), Carrefour and Decathlon (France), Central Group (Thailand), Coppel (Mexico), IKEA (Sweden), LuLu (UAE), as well as professional buyers for global supply chains.

Source: vietnamplus.vn– May 21, 2024

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Bangladesh's economy projected to grow at 5.82% in FY24: BBS

Bangladesh’s economy is projected to grow at 5.82 per cent in this fiscal (FY24) ending on June 30, provisional estimates by the Bangladesh Bureau of Statistics (BBS) show.

This growth is a bit higher from last fiscal's 5.78 per cent and aligns closely with the International Monetary Fund's forecast of 5.7 per cent and the World Bank's 5.6 per cent.

Per capita income, meanwhile, has increased slightly to $2,784 in this fiscal from $2,749 in the previous, as per the estimate based on data from the first seven months of FY24.

The growth rate was initially projected at 7.5 per cent, and later revised to 7 per cent.

Bangladesh's GDP at current prices stands at $459 billion, up from $452 billion in the previous fiscal.

The investment-to-gross domestic product ratio remains steady at 30.98 per cent, domestic media outlets reported.

The industrial sector is projected to grow by 6.66 per cent this fiscal, down from 8.37 per cent.

The consumption rate is estimated at 74.24 per cent in FY24. It was 72.39 per cent in the previous fiscal.

Source: fibre2fashion.com– May 22, 2024

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Export subsidy grows but only Bangladesh RMG yields anticipated result

The government's cash incentive programme for export receipts has surged over the years, yet many sectors have struggled to make a significant impact in the global market.

Reports underlined this adding, this has limited the success of the government's diversification initiative while highlighting currently, 43 sectors receive taxpayer-funded cash support, with rates ranging from 0.5 per cent to 15 per cent.

Among these, only the garment sector has consistently excelled, establishing Bangladesh as the world's second-largest apparel supplier. The sector accounts for approximately 85 per cent of the country's exports even as over the years, the government has spent thousands of crores of taka to help exporters become competitive in international trade.

However, this support must end after 2026, as World Trade Organization (WTO) rules prohibit developing and developed countries from providing direct cash incentives to the exporters and with Bangladesh set to become a developing country in November 2026, the government has already begun reducing subsidies for almost all sectors even as it aims to gradually phase out the rates and protect exporters from the shock of a sudden withdrawal of cash aid.

The highest cash incentive rate has been reduced from 20 per cent to 15 per cent 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 the potential and direct cash assistance, sectors like jute, leather, agro-processing, and frozen foods have not matched the garment sector's success. Even within the garment sector, results are mixed, with a strong focus on cotton based garments, despite the global shift towards non-cotton items which fetch better prices.

Meanwhile, Zahid Hussain, a former lead economist of the World Bank, suggested reconsidering the current incentive strategy, as many sectors failed to produce positive outcomes despite the financial support even as he noted that the lack of diversification in exports, except for garments, highlights the inefficacy of the current approach and hinted at corruption in the management of cash incentives.

He recommended reassessing the eligibility of sectors for incentives post-LDC graduation while SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), advocated for the continuation of incentives after the LDC graduation.

He pointed out that countries like India and China offer similar incentives under different names, such as technology upgradation or skills development funds while emphasising that numerous small and medium enterprises in Bangladesh need financial support to face post-LDC challenges, especially with rising business costs due to power tariff hikes.

Source: fibre2fashion.com– May 21, 2024

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Cotton production: India moves forward, Pakistan falls behind

Currently, Pakistan is facing economic challenges. Although the present government is implementing positive measures to address these issues, our national development and prosperity will remain elusive until we break free from the grip of the IMF.

To achieve economic stability and prosperity, we must prioritize agriculture and take urgent steps towards modern agricultural research. Unfortunately, there is a lack of focus on research, particularly in the cotton sector.

Until the 1990s, India lagged behind Pakistan in cotton production. However, today, India not only surpassed Pakistan but also topped the global ranking with 34.7 million bales of cotton in the 2023-24 season, accounting for 25% of the world's total production.

India has become the largest producer of cotton, while Pakistan's production remains at barely 8-9 million bales, making it the fifth largest producer with a share of only 4-5% in the global production. India has solid plans to increase its cotton production to over 40 million bales by 2030, while Pakistan faces uncertainty due to factors affecting cotton cultivation and production.

The Indus River System Authority (IRSA) report indicates a 35% water shortage this year, leading the Punjab department to reduce the target for cotton cultivation from 5 million acres to 4 million acres. Additionally, the area dedicated to sugarcane and paddy crops is rapidly increasing in cotton-cultivated areas. Unfortunately, the government has not yet announced the support price for cotton.

In contrast, India has fixed support prices for 31 crops, while we have not fixed the support price for any crop except wheat or sugarcane. Today, the sectors with the potential to rescue Pakistan from IMF dependency are cotton research institutes and the textile industry.

However, unfortunately, the government's attention to these sectors is inadequate at present. We need to reassess the situation and chart the right path for our future. Currently, India allocates 0.4% of its total GDP to research and development, while Pakistan spends less than half of that. Without investing in research, we cannot achieve the desired results.

Today, the Pakistan Central Cotton Committee (PCCC), the largest cotton research organization under the Ministry of National Food Security and Research, is in a serious financial and administrative crisis. This institution was established after Pakistan's independence under the guidance of Quaid-e-Azam Muhammad Ali Jinnah.

The Cotton Committee was formed in 1948 under the Cotton Cess Act, 1923. Currently, the situation is dire. About 1100 agricultural scientists and other employees have not received salaries and pensions for the last 22 months, but their plight is being ignored.

The financial resources of the cotton committee depend on a cotton cess of Rs 50 per bale of cotton, which was set in 2012. However, even in 2024, the cess rate remains the same. It's now imperative to increase it to around 150 to 200 rupees per bale.

Unfortunately, the 80% textile industry has stopped paying the cotton cess of 50 rupees per bale since 2016.The Government of Pakistan needs to take immediate action on this matter. They should seal the defaulting textile mills and hold tax evaders accountable.

Currently, the textile industry owes more than 3 billion rupees in cotton cess to the cotton committee.

The Cotton Committee has delivered three bumper crops of cotton in the history of Pakistan. In the last bumper crop year, 2014-15, we harvested more than 14 million bales of cotton. However, since the textile industry stopped paying cotton cess, cotton research in Pakistan has been severely affected, leading to a rapid decline in cotton production.

Today, we have dropped from 14 million bales to barely 8 to 9 million bales. Despite the challenging conditions faced by the Cotton Committee, its subsidiary, the Central Cotton Research Institute Multan, achieved an honorable feat last year in 2023. The cotton variety Cyto 547 ranked first among varieties from both public and private sectors across Punjab in the National Coordinated Varietal Trial (NCVT).

Currently, our textile industry consumes 16 million bales of cotton annually, requiring us to import billions of dollars' worth of cotton each year. The government should establish a national commission immediately to investigate the reasons for the decline in cotton production.

All stakeholders, including the PCCC should be held accountable, and those responsible should be held to account. This commission will openly reveal the roles of stakeholders and help predict the best strategies for increasing cotton production in the future.

Many countries worldwide are investing in cotton research and development, with support from both government and private sectors. These research institutes are funded through revenues or taxes generated from cotton production and trade.

However, unlike other countries, in Pakistan, we see a situation where cotton researchers are deprived of salaries and pensions, which is shameful and disheartening. In India, the Central Institute for Cotton Research (CICR) is fully backed by the Indian government and the Cotton Corporation of India, which imposes taxes on cotton production.

Similarly, Vietnam's Vietnam Cotton and Silk Research Institute (VCSRI) receives funding from the government and the Vietnam Cotton Association, which taxes cotton imports. Australia's Commonwealth Scientific and Industrial Research Organization (CSIRO) is supported by the government and the Cotton Research and Development Corporation (CRDC), funded through taxes on cotton production.

In the United States, the Agricultural Research Service (ARS) is funded by the government and receives support from the Cotton Board, which taxes cotton production. Similarly, China's Chinese Academy of Agricultural Sciences (CAAS) is financed by the government and the China Cotton Association, which taxes cotton production.

These examples demonstrate how various countries promote cotton research and development through funding mechanisms. Unfortunately, the Cotton Committee, Pakistan's largest research body, doesn't receive government support for salaries, pensions, or operational expenses. Not a single rupee is allocated for these purposes.

In India today, the government provides numerous subsidies and incentives to cotton farmers for agricultural inputs. They've heavily invested in irrigation infrastructure and modern irrigation systems, ensuring access to water. Quality cotton seeds that yield high-quality produce are readily available, along with modern farming machinery.

Research and development in cotton farming are prioritized, and electricity is cheap. Prices of seeds, fertilizers, and pesticides are reasonable. Good market access, favorable government policies, and diverse climate and geography contribute to cotton growth.

Government initiatives like the National Food Security Mission and the Cotton Mission help farmers adopt better practices and improve production. Additionally, private sector investment in research and development boosts growth and efficiency.

Source: brecorder.com– May 22, 2024

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Pakistan: Chinese textile company secures 100 acres of land for export-oriented SEZ

Challenge Fashion (Pvt) Ltd, a Chinese textile company, has acquired 100 acres of land in Lahore, Pakistan's emerging economic hub, with an aim to develop a Special Economic Zone (SEZ) for a textile park.

The company plans to commence the construction of an export-based garment factory after completing a 3-kilometer access road from the main highway to the proposed site of a textile park.

"The factory infrastructure is expected to be built within 12 months," stated an official from Challenge Fashion in an interview with Gwadar Pro.

The garment factory is expected to help Pakistan earn 500 million US dollars in foreign exchange and create 30,000 jobs each year. Challenge Fashion (Pvt.) Ltd plans to invest 150 million US dollars over the next 3-5 years.

If everything progresses as planned, it is expected to attract an additional investment of 100 million US dollars in supporting industries.

The official mentioned that acquiring high-quality fabrics is a significant challenge. Currently, more than 80% of the surface accessories are imported, which substantially hinders the company's pace of expanding its industrial scale.

"The company plans to develop the park into the most innovative and sustainable textile industry base in South Asia, showcasing China's park design concept and construction standards to Pakistani counterparts.

This will promote the most efficient and environmentally friendly automated fabric production equipment and garment production systems, and spread modern production management science," the official added.

The official also stated that the establishment of a supply chain cluster would help improve Pakistan's labor structure and management.

"We hope to demonstrate China's industrial park standards to our Pakistani counterparts by creating a Chinese-regulated industrial park project," the official said.

"We aim to enable Chinese enterprises interested in an overseas layout to see Pakistan's investment potential and also provide project landing sites for SMEs so that they can fully benefit from the preferential investment policies provided by the Pakistani government," the official asserted.

The official further explained that "the tariff-free treatment of textiles exported to the EU, combined with China's Free Trade Agreement, can guarantee the price competitiveness of Pakistani products.

Pakistani fabrics exported to Africa or Jordan can enter North America without tariffs, and the route is much shorter than from East Asia."

Source: dailytimes.com.pk– May 21, 2024

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NATIONAL NEWS

Hope India-UK FTA not far away, says incoming FICCI UK Council chair

The proposed India-UK free trade agreement is hopefully not far on the horizon as it will offer immense opportunity to be leveraged within the bilateral partnership, said the new chair of a trade council that has played a key role in shaping the ongoing negotiations.

UK-based tech professional Priya Guha, who invests in women-led innovation as Venture Partner of Merian Ventures, took over as chair of the Federation of Indian Chambers of Commerce and Industry (FICCI) UK Council from Baroness Usha Prashar at a hand-over ceremony at the High Commission of India in London on Monday evening.

The India-UK Free Trade Agreement (FTA) negotiations opened in January 2022 and are aimed at significantly enhancing bilateral trade - currently worth around GBP 38.1 billion a year.

The negotiations are now in their fourteenth round of talks, and likely to pick up pace following the Indian general election.

Guha, the British Indian investor, expressed the hope that the bilateral partnership would continue to flourish as she looks to build on the foundations laid by Prashar, who was the first to take on the role at FICCI UK four years ago.

"I take this on thinking about the role of research and innovation in the creative industries, the trade partnership and the opportunities that will be leveraged when we're able to have the FTA in place, which we all hope is not far away on the horizon," said Guha.

"The reality is that these things only do happen because we are able to work in partnership with so many people as we transition into this new phase of the India-UK Industry Advisory Group.

"One role of business is to make a concrete contribution to economic growth on both sides and clearly, we have that in the India-UK relationship. But, actually, the role of business is so much more - to open our eyes to other things, to build cultural ties, to strengthen relationships, to deepen a very strong bond and take that to the new stage of its potential," she said.

The event at India House in London was organised to felicitate Prashar for her relentless work over the years in promoting India-UK trade and cultural ties, including through an FTA memorandum on non-tariff barriers that fed into the policy framework.

"We managed to establish a very dynamic and energetic council and establishing it was a masterstroke," said Prashar in her farewell address, as she traced the genesis of FICCI to Mahatma Gandhi's vision of the ethics of "business with purpose."

"As we look towards an FTA, there will be a great deal to do to give it effect. The devil is always in the detail and to make things work, FICCI will play a very significant role as and when the FTA happens," she said.

The Indian High Commissioner to the UK, Vikram Doraiswami, led tributes to the House of Lords peer as the first Indian-origin judicial commissioner of the UK and someone who has been a "part of the very fabric" of the UK.

"If we have been successful in the last several months in getting things inch forward in the dial that is the bilateral relationship, a fair bit of the credit, which has never been asked and never been given, I think goes to Baroness Prashar," said Doraiswami.

"As and when the free trade agreement gets signed, FICCI will continue to help leverage all the potential that lies unlocked because there is a huge opportunity for a forward-looking India-UK relationship that is based on at least three key pillars of research and innovation, education and capacity building, and trade opportunities," he added.

Source: economictimes.com– May 21, 2024

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Commerce ministry's draft strategy to negotiate future FTAs to be circulated among key departments soon

The commerce ministry has prepared a draft comprehensive strategy for negotiating future Free Trade Agreements (FTAs) and it will be circulated to certain key departments soon to get their feedback, an official said.

The draft strategy in the form of a Standard Operating Procedure (SOP) was recently discussed in a meeting involving former commerce secretaries, senior officers from different ministries and international trade experts.

The aim is to streamline the FTA negotiation processes as several trading partners of India are coming forward for trade pacts.

This SOP is designed to ensure thorough analysis, meticulous background work, and systematic reporting throughout the negotiation phases, the official said adding it would also include structured interactions with various ministries and stakeholders both before and after negotiation rounds.

"Our SOP draft is ready. We have presented that in the meeting and now some more improvement is required. It will be circulated to core ministries in about a month," the government official said.

It was discussed during a two-day 'Chintan Shivir' on May 16-17 at Neemrana, Rajasthan.

"What should be our strategy going forward? Should we do more FTAs" How to identify FTA countries. What should be our views on new issues like labour, and environment? We have made an internal SOP so that when we negotiate an FTA then what should be the process, what kind of analysis should be there, what kind of background work, research, and what kind of reports should we make after every round of FTA talks," the official said.

After doing several agreements, "now we have got this experience, we want to codify that," the official added.

In the Chintan Shivir, various other issues were also discussed, including India's trade strategy and vision 2047; economic assessment and modelling of FTAs; inclusion of new disciplines into FTAs such as labour, environment, gender, and indigenous people; services and digital trade.

A separate session was also organised on leveraging India's FTAs to address new forms/kinds of measures like CBAM (Carbon Border Adjustment Mechanism), supply chain disruptions, critical minerals, and artificial intelligence.

India is negotiating trade pacts with the UK, the EU (European Union), Peru, and a comprehensive trade deal with Australia. It is also in talks with the Eurasian Economic Union for a trade agreement.

India's goods and services exports in 2023-24 reached an all-time high of USD 778.2 billion, up 0.23 per cent from USD 776.4 billion in 2022-23.

The country has inked trade pacts with Mauritius, the UAE, Australia and the European Free Trade Association (EFTA) since 2021.

Source: economictimes.com– May 21, 2024

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Govt plans new quality control orders to enhance safety standards for textiles used in construction work

New Delhi: The government is planning to introduce Quality Control Orders (QCOs) targeting 11 key textile products in the build tech category, two people aware of the matter said, to step up safety standards of clothing used by workers and professionals in the construction sector.

These QCOs are specifically designed to elevate the quality and performance of fabrics used in protective clothing, as well as in scaffolding nets, ropes and tarpaulins.

The move is part of the government's effort to limit dumping of cheap products from China and help India improve its position in the global manufacturing and supply chain through a focus on quality control.

Enhancing protection

The implementation of the proposed QCOs will significantly increase the protection of workers in the construction industry and reduce the risk of injuries and accidents.

"The key objective behind introducing QCOs for build tech textiles is to provide quality products for workers and reduce the mishaps at construction sites," the first person said, adding it will improve the quality of products and put a check on import of substandard products.

Following the notification of the QCO, manufacturers of all such goods will be required to meet the standards set by the Bureau of Indian Standards (BIS). Failure to comply will attract hefty penalties. The QCOs are expected to be notified soon.

QCO is a regulatory mandate issued by the government to ensure that certain products meet specific standards of quality and safety. These QCOs are enforced by the BIS, an arm of the consumer affairs ministry.

"Technical textiles are designed for performance rather than aesthetics. Products such as ropes, scaffolding nets, tarpaulins, and other similar items must meet specific technical specifications, including load-bearing capacity, to ensure they function effectively and safely in their intended applications," the second person said.

Advocates for the rights of construction workers do not see any improvement in safety concerns following the repeal of the Building and Other Construction Workers' Act. This Act included comprehensive safety and security provisions for construction workers.

Seeking Act's restoration

"The government should focus on restoring the Building and Other Construction Workers' Act, 1996 that was repealed without making any adequate provision in the labor codes. In this situation, we are demanding the restoration of the Act, and if anything is to be done, it should be done under that Act and not separately. Only then will the government's proposed QCOs be helpful for workers," National Campaign Committee for Construction Labour (NCCCL) coordinator Subhash Bhatnagar said.

Queries emailed to the textiles secretary, spokesperson of textiles ministry, Director General of BIS remained unanswered.

India is the world's third largest exporter of textiles and apparel and ranks among the top five global exporters in several textile categories, with exports expected to reach $65 billion by FY26.

After a QCO is notified, no firm can manufacture, import, distribute, sell, hire, lease, store or exhibit any product covered under the QCO without an ISI standard mark and violations can attract jail terms and fines.

Source: livemint.com– May 21, 2024

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India's Rise In The Global Supply Chain

Many supply chain leaders are diversifying their supply chains across global regions to reduce risk and increase flexibility in costs and lead times. International instability doesn't help. 2024 presents many geopolitical headwinds, only exacerbating global tensions on supply chains. Based on research done by the Wall Street Journal, geopolitics is directly increasing supply chain costs. As a result, many companies are anticipating additional shockwaves as tensions mount in critical markets. For supply chain leaders, this means exploring emerging global supply chain regions for diversification. India is one of those promising new regions.

According to International Monetary Fund estimates, India will be the world's third-largest economy by 2027, with a GDP of $5 trillion—bypassing Germany and Japan. Additionally, India has the second-largest English-speaking population globally and focuses on STEM education, with over 2 million graduates annually. This combination of an increasingly well-educated workforce and its strategic location near the Middle East, Europe, and West Africa, to SE Asia and E Asia, bolstered by well-established sea routes, make India an ideal place to do business.

India's Emerging Role in the Global Supply Chain

According to the India Review, "India is emerging as a reliable alternate destination for manufacturers and supply chain diversification due to its large labor and consumer base, low operating costs, and linkages to important international markets." India is also appealing because of its strong economy, relative ease of doing business, and an increasing number of sectors open to foreign investment. I believe that India is poised to be a significant center of commerce moving forward.

Companies like FedExFedEx 0.0%, Foxconn, AppleApple 0.0%, and many well-known electronics, aerospace, and medical device companies are scaling up India operations. Part of the reason is likely the incentives. The National Policy on Electronics (NPE), established in 2019 to position India as a global hub for electronics, encouraged the development of core components like semiconductor chips, graphics chips, motherboard chipsets, and other computing devices. This led to improved competitiveness globally for the electronics industry. Next, the Production Linked Incentive (PLI) program for large-scale electronics manufacturing offered a financial incentive to boost domestic manufacturing and attract significant investments in electronic components and semiconductor packaging. These incentives have now expanded to include 14 additional industries.

India's manufacturing sector has witnessed significant growth and diversification in recent years, with various industries playing a pivotal role in the country's economic development. From aerospace and defense to medical devices, automobiles, electronics, and space technology, India's manufacturing ecosystem is as diverse as it is dynamic.

Aerospace: India is an ideal location for manufacturing aircraft, spacecraft, and related components. Its aerospace manufacturing sector has steadily grown, focusing on military and commercial applications.

The industry benefits from a skilled workforce, technological advancements, and government initiatives to promote aerospace manufacturing. India's aerospace manufacturing capabilities are increasingly gaining recognition on the global stage, with collaborations and partnerships with international aerospace companies contributing to this sector's growth.

Medical Technology: The medical technology (MedTech) sector is growing rapidly. For example, after opening its first facility in Gurugram in 2016, Boston ScientificBoston Scientific 0.0%, a US-based company, launched its second R&D center in Pune in 2023.

India is home to the company’s second-largest R&D centers outside of the United States of America. India's medical device manufacturing sector has also increased, with companies such as Trivitron Healthcare and Opto Circuits India Ltd. producing a wide range of medical equipment and devices for healthcare providers worldwide.

Automotive: India is becoming a significant player in the global automotive industry, with companies like Tata Motors, Mahindra & Mahindra, and Maruti Suzuki manufacturing a diverse range of vehicles, from cars and motorcycles to commercial trucks and buses.

But this is just the beginning. India is also focusing on developing a robust series of plans to strengthen international commerce, one of which is the “Make in India” initiative.

Why Businesses Relocate to India

This webinar provided helpful information on “Why India is the Next Manufacturing Hub,” focusing on incentives that make India an appealing choice for foreign businesses seeking global commerce. Key insights include:

1. Indian government—Panelists agreed that both the central and state governments are doing all they can to incentivize growth in manufacturing. If anything, states are competing to win foreign investment.
2. Focus on manufacturing—Panelists also agreed that the focus on manufacturing has ‘left the station’ and that the next government will continue to invest here.
3. Investment in Infrastructure—India is already investing heavily in infrastructure, which will continue to accelerate.
4. Targeted investments in critical areas—Some industries have special economic zones, particularly around semiconductors and fabrication plants.
5. Bureaucracy or pro-business—There continue to be tensions between old bureaucracy (very slow) and ‘Invest India,’ which focuses on increasing the ease of doing business in India.
6. Indian Education—The top-tier schools produce employment-ready talent, but there is a huge gap between the next tier of schools. On the other hand, there is a high degree of cooperation between industry and universities to bridge this gap.

Shifting Consumer Demand

Part of India’s manufacturing expansion (especially for electronics) is driven by shifting consumer demand. Customers want higher-quality products with more advanced features and functionality at the best price point. India offers more options (particularly for electronics) with savings that pass through to the consumer.

But aerospace is uniquely positioned to win in India. With a well-established aerospace infrastructure, manufacturing partnerships (it’s the relationships, right?), and significant incentives, well-known companies are investing heavily in India.

Lower Tariffs and Landed Cost

Lower tariffs are one reason companies choose India (3% versus 30% in China), but India's lower landed cost is another attractive feature for international businesses considering putting operations in the region. India offers lower labor costs than many other countries, with a strategic location for trade across Southeast Asia, the Middle East, and Europe. Additionally, India has multiple trade agreements that reduce tariffs and facilitate smoother and less expensive import and export processes. Finally, logistics efficiency and lower transportation costs further lower the total landed cost for businesses operating in the region.

Key Takeaways

India is quickly becoming a key player in global manufacturing, and according to the Business Standard, that role will only grow in the next few years. With lower tariffs, lower landed costs, and special incentives for many industries, India is a solid option to diversify your global supply chain. When I talk to supply chain leaders, it’s clear that success looks like operating with agility—often across borders—in a changing global economy. India is a great place to start.

Source: business-standard.com– May 19, 2024

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India working to shift to 80% landlord model at major ports by 2030

India's shipping ministry is working to shift to an 80-per cent landlord model—in which private players take over the operational aspects while the port authority acts as a regulator and landlord—by the end of this decade to raise efficiency and reduce logistics costs at major ports, according to shipping and waterways secretary TK Ramachandran.

The Jawaharlal Nehru Port (JNPT) has become the first major port in the country to shift to a cent per cent landlord model, with all berths being operated on a public-private partnership model, Ramachandran told the Confederation of Indian Industry (CII) Annual Business Summit 2024.

"We have 12 major ports, and we have a huge capacity...we want to shift to an 80 per cent landlord model by the end of this decade," Ramachandran said.

Developing port-based industrial clusters, investments in the maritime sector, ensuring PPP models and multi-modality are the four pillars on which the ministry is working on to improve costs and ease of doing business, he said.

The country boasts of 111 waterways now compared to five 10 years ago, Ramachandran said.

"We have reformed the Major Ports Act, the Inland Vessels Act. We have made changes in the model concession agreements (MCAs) to make them more private sector friendly, banking friendly and investment friendly," he was quoted as saying by a domestic news agency.

Source: fibre2fashion.com– May 21, 2024

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Indian industry may see more easing of FDI norms, lower tariffs: DPIIT

Once a new government is formed, more industrial sectors may see liberalisation in foreign direct investment (FDI) norms and the industry should prepare itself for a lower tariff regime in the long run, according to Rajesh Kumar Singh, secretary in the department for promotion of industry and internal trade (DPIIT).

"While doing so, you have every right to expect that any distortionary in any inversion in those taxes in our tax regimes should be corrected," Singh told the Confederation of Indian Industries (CII) annual business summit.

"DPIIT is doing a cross-sectoral study to ensure that both in the GST [goods and services tax] Council and the finance ministry, we try to rationalise it and show that those inversions are removed as to improve the competitiveness of our manufacturing sector," he said.

"Recently, we delivered on liberalising our FDI norms in space, and it is quite possible that under a new government, we can attempt some further liberalisation of any pockets that are left," he was quoted as saying by domestic media reports.

However, he did not disclose the sectors that could see liberalisation in FDI norms.

While the Production-Linked Incentive scheme has led to investment flows, there could be other ways to attract funding without budgetary outlay, he said.

Non-tariff policies like quality control orders are being used to boost investment and exports, he added.

Source: fibre2fashion.com– May 21, 2024

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Fabric makers upbeat on orders as CM opens expo

Ahmedabad: Gujarat chief minister Bhupendra Patel inaugurated the Fabexa Fabric Sourcing Expo 2024 in Gandhinagar on Tuesday.

It aims to bolster Ahmedabad's position as a major cotton and natural fabrics manufacturer for both the national and international markets.

Sanjeev Chaturvedi, vice-president for domestic marketing in Reliance Industries Ltd's textiles division, said, "Gujarat has a strong base in the textile industry.

In India, the share of the organized sector in the textile industry is low and needs to increase.

Bangladesh has strong base in garment making, but India is far ahead in fashion and Indian manufacturers have great opportunities in the global market."

Gaurang Bhagat, president of Maskati Cloth Market Mahajan, which has organized Fabexa, said the ninth edition of the four-day expo attracted more than 100 exhibitors and will draw an expected 10,000 buyers from across the country. The organizers have invited all national textile associations.

Naresh Sharma, secretary of Maskati Mahajan, said Ahmedabad has strengthened its position in the shirtings, dress materials and bedsheets segments. He believes the expo will generate fabric orders for the coming festival season.

The city has also seen significant adoption of digital printing machines, which will benefit the local industry in securing orders from across the country.

Source: timesofindia.com– May 22, 2024

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Four reasons why Zara's India growth is not in the fast lane anymore

Zara, the world's biggest fast fashion brand, has had many firsts in India, a country where some of the best-known international labels have met their Waterloo.

The Spanish brand was the quickest to turn profitable in its first full year of operations in 2011. It was also the first clothing brand to cross the INR1000 sales mark in FY17, in just six years after it entered the market. Simply put, Zara had proven to be adept at selling fine feathers to the fashion-conscious.

It has been a runaway success since its arrival in the country more than a decade ago but after initially doubling sales every two years, the brand's rate of growth has come down in the past few years.

Its latest financial performance bear witness - Inditex Trent, its joint venture with Tata that runs 23 Zara stores in India, saw revenue rise 8% to INR2,775 crore last fiscal, significantly down from 40% growth a year ago, according to Trent's annual report. Net profit was down too at INR244 crore, an 8% drop.

So, what really changed?

Competition

The brand is now vulnerable to competition – from Swedish fashion retailer Hennes & Mauritz (H&M) and Asia's biggest clothing brand Uniqlo, to lower priced fast fashion brand Zudio.

H&M outpaced Zara to become India's largest clothing brand by revenues in FY19-20, helped by aggressive store expansion and lower pricing. This is despite H&M opening its first door five years after Zara entered the country.

Devangshu Dutta, founder of retail consulting firm Third Eyesight, says that while there is not necessarily "fatigue" for the brand, "if the contest for the consumer's attention is more intense and the consumer's choices are more fragmented across a wider choice of brands, that will definitely have an impact on any individual brand's performance."

Slow expansion

Zara's performance has also been tapering off due to slow outlet expansion. For instance, Stockholm-based H&M has opened a store a month in India on average in the first five years to have 50 outlets, Zara operates 23 outlets and added just three stores in the same time frame.

Experts said consumer demand has been affected in the past couple of years with brands having to work extra hard to get same-store growth and much of top line growth has come for brands from store additions.

Dutta points out that, "most international and premium Indian brands are competing for a relatively narrow slice of the population pie in the larger urban centres. While the Indian market is a bright spot amid the gloom in the world's major economies, global pressures are certainly likely to play a part in the confidence among brands to invest in expansion."

Weak online strategy

With most brands seeing at least a fourth of their sales driven by online channels mostly through marketplaces such as Myntra and Amazon, Zara’s online strategy is restricted to its own website.

"The deceleration in sales growth within India's fast-fashion industry may reflect heightened competition dynamics and the growing influence of e-commerce platforms. Competitors could be strategically targeting certain price segments within the broader market, impacting overall industry performance.” reckons Shriram PM Monga, cofounder of retail consultancy firm SRED.

“Moreover, shifting consumer preferences towards online D2C shopping channels may be reshaping the landscape for all players in the sector,” he added.

Pricing pressure

Most rivals also keep a large inventory of basic, everyday items sourced from places including India and Bangladesh that carry lower price tags. Globally as well as in India, Zara imitates the latest fashion, making affordable versions and stocking them for just a few days.

With most of its fast fashion peers offering products at competitive prices, Zara had cut prices by 15% a few years ago to sustain newer competition. Meanwhile American denim maker Levi Strauss and British brand Marks & Spencer revived their fledgling sales last decade to emerge among the top selling clothing brands in the country.

"The market is very competitive, and the challenges are real. Nevertheless, the opportunity pool and the size of the market means that there is space for multiple successful players. Trent remains well placed to navigate this next phase of growth by leveraging our platform and growth engines," P Venkatesalu, chief executive officer at Trent, said in their annual report.

Being the world's second most-populous country, India is an attractive market for apparel brands, especially with youngsters increasingly embracing western-style clothing. Most of Zara's back end and merchandise sourcing are handled by Inditex, while the Tata expertise is mainly for identifying real estate and locations.

"The said entities are obliged to source merchandise only from the Inditex Group. Also, the choice of product and related specifications are at the latter's discretion. Further, the entities are dependent on the Inditex Group for permissions to use the said brands in India subject to its terms and specifications. Including in the context of brand ownership and the arrangements for merchandise supply, the company views its related commitments as a financial investment," said the annual report.

Source: economictimes.com– May 22, 2024

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