स्वच्छ भारत
एक कदम स्वच्छता की ओर
TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 83 of 2024 **May 27, 2024**

Currency Watch			
USD	EUR	GBP	JPY
83.06	90.11	105.84	0.53

INTERNATIONAL NEWS	
No	Topics
1	Boom or Illusion: Cushman & Wakefield's report on European luxury retail raises questions
2	China's Shifting Sands: A new landscape for luxury
3	Euro area records €24.1 bn trade surplus in March 2024
4	Retail sales volumes drop across most sectors in UK in Apr 2024
5	Denim Suppliers Double Down on the Western Hemisphere
6	Can Fashion Decouple Profits from Production?
7	Cambodia requests Vietnam to raise bilateral trade volume to $20 bn
8	‘Bangladesh: hardly utilising regional trade potential’
9	Bangladesh, Japan hold 1st round of talks in Dhaka for EPA
10	Bangladesh: Garment export to EU slightly up in July-April

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

NATIONAL NEWS	
No	**Topics**
1	India's economic growth momentum to continue in Q1 FY25: Ministry
2	India in trade deficit with 9 of top 10 trading partners in 2023-24: Data
3	Goldman Sachs ups India 2024 GDP forecast to 6.7%; sees RBI rate cut in Q4
4	EU's deforestation law that could hit Indian exports opposed by many WTO members
5	GDP, GST data to be released next week will design economic narrative by new govt
6	Shipments to Russia jump but exporters are wary of sanctions

INTERNATIONAL NEWS

Boom or Illusion: Cushman & Wakefield's report on European luxury retail raises questions

Cushman & Wakefield's (C&W) maiden 'European Luxury Retail Report' reveals a positive scenario of the industry, highlighting an increase in store openings and resilient consumer spending. However, a closer look the report reveals some potential shortcomings that could leave a more nuanced understanding of the market.

The report focuses on prime retail locations across 16 European cities. This narrow lens excludes the broader European luxury market, which encompasses smaller cities and online retail, a rapidly growing sector. Did luxury brands simply consolidate their presence in established strongholds, neglecting emerging markets? The report is silent on this.

Focus on openings, not overall health

The report boasts of an increase in new store openings on prime luxury streets. This might signal brand confidence, but it doesn't necessarily reflect the health of existing stores or the overall market. Questions emerge on: are these new flagships replacing closing locations elsewhere? Is there a trend of consolidation within the luxury sector?

However, the report remains silent on these crucial aspects. The report highlights growth in fashion, footwear, and accessories, but doesn't explore potential brand homogenization. Are these prime locations becoming saturated with similar brands, diminishing the unique appeal of luxury retail?

The report claims luxury spending is nearing pre-pandemic levels, but it doesn't clarify if this is due to a genuine recovery or inflated prices. Are consumers truly spending more, or are they simply paying a premium due to factors like supply chain disruptions?

C&W highlights rising rents but neglects the potential impact on staff wages. Are luxury retailers keeping pace with rising rental costs by squeezing employee compensation? The report offers no clues.

Tourist dependence implicit

The report attributes some of the growth to returning tourists. While this is likely true, it doesn't account for potential future fluctuations in tourism. Geopolitical instability or economic downturns could significantly impact tourist spending, a factor the report doesn't fully address. Indeed, tourism undoubtedly plays a role, it's essential to understand the reliance on this factor. What about the domestic luxury consumer? Are European luxury brands successfully cultivating local clientele in an era of rising inflation and potential economic wobbles?

Silence on online retail's impact

The report seems to exist in a pre-e-commerce world. Luxury retail has a booming online presence. How are physical stores adapting to this omnichannel reality? Does the rise of online retail cannibalize sales in brick-and-mortar stores? The report offers no insights into this critical dynamic.

Also, the report celebrates brand expansion but remains silent on the environmental impact of this growth. Is the resurgence of luxury retail being pushed by sustainable practices, or is it business as usual? The report offers no insights.

While Cushman & Wakefield's report offers a glimpse into a seemingly resurgent European luxury retail market, it lacks a deeper analysis of potential vulnerabilities. A more critical approach that considers the impact of online retail, tourist dependence, and the overall health of existing stores would provide a more complete picture of this complex and ever-evolving market.

Source: fashionatingworld.com– May 27, 2024

HOME

****

China's Shifting Sands: A new landscape for luxury

China's luxury market, once marked by conspicuous consumption and a booming economy, is undergoing a significant transformation. The current economic scenario, with slower growth and a focus on domestic brands, is reshaping consumer preferences and forcing international players to adapt.

Market resizes

The total market size of China's luxury market reached an estimated ¥4.7 trillion ($730 billion) in 2023 as per Bain & Company, reflecting a slight decline from the previous year. However, the annual CAGR remains positive, albeit at a slower pace. And McKinsey & Company predicts a CAGR of around 6-8 per cent for the next few years, compared to the double-digit growth witnessed in the past decade. This indicates a maturing market with a focus on quality and experience over mere brand logos.

International brands still dominant, but facing scrutiny

International luxury brands continue to hold a significant share of the Chinese market, accounting for roughly 70 per cent of total sales in 2023, reveals Jing Daily. However, their CAGR has mirrored the overall market slowdown, falling from double-digits to a projected 4-6 per cent in the coming years, as per Euromonitor International. This trend reflects a growing preference for experience and value among Chinese consumers, who are becoming more discerning. In fact, domestic brands like Huili (jewelry) and Anerdam (apparel) have captured a growing portion of the market.

Table 1: Market share of international vs. domestic brands (2018-2023)

Year	International brands	Domestic brands
2018	85%	15%
2019	82%	18%
2020	78%	22%
2021	75%	25%
2022	72%	28%
2023	70%	30%

Shifting consumer behavior, beyond the logo

Luxury powerhouses like Louis Vuitton, Chanel, and Dior remain at the forefront, consistently ranking among the top sellers. Here's a glimpse at some leading brands and their estimated sales in China (¥ billion).

Table 2: Leading brands and sales

Brand	Sales (2023 estimated)
Louis Vuitton	45
Chanel	40
Dior	38
Gucci	35
Hermès	32

These figures suggest a relatively stable market share for established brands. However, a new wave of domestic contenders like Shanghai Tang and Huishan Zhang are gaining traction, particularly among younger consumers seeking a unique cultural identity within the luxury space.

Chinese luxury consumers are evolving. Previously, brand logos and conspicuous consumption were the primary drivers. Now, factors like quality, craftsmanship, and brand storytelling are gaining importance. Today's savvy consumer seeks a personalized experience that aligns with their values. This shift is evident in the growing popularity of:

Sustainable practices: Consumers are becoming more environmentally conscious, demanding transparency and eco-friendly practices from luxury brands.

Cultural resonance: Brands that incorporate elements of Chinese heritage or collaborate with local artists are resonating strongly with consumers.

Experience over logo: Luxury is no longer just about the brand name. Experiences, storytelling, and brand values are gaining importance.

Digital savvy: Millennials and Gen Z are driving the rise of online luxury purchases influencing brands to invest heavily in e-commerce platforms.
Impact of an e-commerce boom

The emergence of e-commerce giants like Alibaba's Tmall Luxury and JD.com has revolutionized luxury retail in China. These platforms offer convenience, access to a wider range of products, and exclusive online offerings. However, challenges remain with counterfeits as online space is susceptible to counterfeiting, which can erode trust in authentic luxury brands.

Return policies is also an issue especially for luxury brands as they are traditionally hesitant about lenient return policies, which can deter online purchases. Brands are investing in robust logistics and customer service infrastructure to address these concerns. Moreover, the digital environment doesn't fully replicate the personalized service and exclusivity associated with brick-and-mortar stores. Luxury brands need to adapt their storytelling to resonate effectively in the digital realm.

Brand strategies

Luxury brands are actively adopting strategies to overcome these challenges:

Omnichannel approach: Integrating online and offline experiences with features like virtual try-on and click-and-collect services.

Livestreaming: Engaging consumers through live product launches and influencer endorsements on streaming platforms.

Social commerce: Building communities on social media platforms like WeChat to foster brand loyalty and personalized experiences.

Enhanced logistics: Implementing robust return and authentication policies to build trust and encourage online purchases.

Sustainability efforts: Consumers are increasingly environmentally conscious. Luxury brands that prioritize sustainability gain a competitive edge.

China's luxury market is entering a new phase characterized by slower but more sustainable growth. Consumers are becoming more value-conscious, seeking meaningful experiences and brands that align with their evolving preferences.

This presents both challenges and opportunities for international and domestic brands alike. By adapting to the changing landscape, embracing digital innovation, and prioritizing a customer-centric approach, luxury brands can navigate the shifting sands of the Chinese market and secure their place in this dynamic space.

Source: fashionatingworld.com– May 27, 2024

HOME

****

Euro area records €24.1 bn trade surplus in March 2024

The first estimates of the euro area balance for March 2024 indicate a €24.1 billion (approximately $26.1 billion) surplus in trade in goods with the rest of the world, compared to a €19.1 billion surplus in March 2023, according to Eurostat. The euro area exports of goods to the rest of the world in March 2024 were valued at €245.4 billion, a 9.2 per cent decrease from March 2023 (€270.4 billion). Imports from the rest of the world stood at €221.3 billion, a 12.0 per cent fall compared to March 2023 (€251.4 billion).

For the first quarter (Q1) of 2024 (January to March), the euro area recorded a surplus of €57.5 billion, a stark contrast to the deficit of €9.4 billion in the same period in 2023. The euro area exports of goods to the rest of the world fell to €705.0 billion, a decrease of 3.2 per cent compared with January-March 2023, while imports fell to €647.5 billion, a decrease of 12.3 per cent compared with the same period in 2023. Intra-euro area trade also declined to €650.8 billion in January-March 2024, down by 8.4 per cent from January-March 2023.

The European Union (EU) also recorded a trade surplus, showing a €21.7 billion (approximately $23.54 billion) surplus in trade in goods with the rest of the world in March 2024, compared to a €17.4 billion surplus in March 2023. Extra-EU exports of goods in March 2024 were €219.6 billion, down by 9.5 per cent compared with March 2023 (€242.6 billion). Imports from the rest of the world stood at €197.9 billion, down by 12.1 per cent compared with March 2023 (€225.2 billion).

For the first quarter of 2024, extra-EU exports of goods fell to €628.8 billion, a decrease of 3.3 per cent compared with January-March 2023, and imports fell to €580.1 billion, a decrease of 13.4 per cent from the same period in 2023. As a result, the EU recorded a surplus of €48.7 billion, compared with a deficit of €19.2 billion in January-March 2023. Intra-EU trade declined to €1,022.2 billion in January-March 2024, a 6.9 per cent decrease compared with January-March 2023.

Source: fibre2fashion.com– May 26, 2024

HOME

****

Retail sales volumes drop across most sectors in UK in Apr 2024

UK retail sales volumes fell by 2.3 per cent in April this year following a fall of 0.2 per cent in March, according to the Office of National Statistics (ONS).

Over the year to April, volumes fell by 2.7 per cent, and were 3.8 per cent below their pre-COVID-19 pandemic level in February 2020.

Sales volumes fell across most sectors, with clothing retailers, sports equipment and furniture stores doing badly as poor weather reduced footfall.

Retail sales volumes rose by 0.7 per cent quarter on quarter (QoQ) in the three months to April following a poor December 2023, and fell by 0.8 per cent year on year (YoY) during that quarter.

Non-food stores sales volumes (the total of department, clothing, household and other non-food stores) fell by 4.1 per cent in April this year, an ONS release said. This was the joint largest fall (shared with December 2023) since January 2021.

The amount spent online fell by 1.2 per cent during April this year and by 1.5 per cent over the year.

As total spend showed a greater fall during the month (2.6 per cent), the proportion of sales made online increased from 26.2 per cent in March 2024 (revised from 25.9 per cent) to 26.5 per cent in April 2024.

Source: fibre2fashion.com– May 27, 2024

HOME

****

Denim Suppliers Double Down on the Western Hemisphere

With the strained relationship between the U.S. and China hitting its nadir, textile and apparel importers are increasingly testing the waters in other sourcing locales. The nearshoring exploration has persisted for several years, with American denim brands and mills turning to Mexico with hopes that the synergies between the two countries will result in a long-lasting, symbiotic sourcing partnership.

Greensboro, N.C.-headquartered Cone Denim is betting on that future. The 130-year-old institution, which closed its legendary White Oak mill in 2017, has been operating in Parras and Yecapixtla, Mexico since the mid 1990s. As the appetite for Western sourcing grows, the company is "well-positioned to meet demand in this hemisphere," president Steve Maggard believes.

"We see interest in nearshoring as brands want to leverage being close to the U.S. retail market to lower their working capital," he told Rivet. "With the cost of cash being higher, there are real benefits in nearshoring for brands as they focus on keeping their inventory down."

Proximity to the U.S. also gives domestic brands the ability to defer certain design decisions until later in the buying cycle, from choosing washes to size runs. "There are also benefits with lower transportation costs and a reduced carbon footprint," the executive said.

Even throughout this period of muted demand, Cone has seen rising interest in "any fabric attributes that can tell a documentable, sustainable story." Circularity, recyclability, recycled content and more sustainable fibers have become high priorities for clients, Maggard said.

"For example, we're working with denim brands requesting up to 30 percent recycled content in fabric construction," he added. "This demand was one reason we established our own supply chain for certified recycled cotton in Mexico." While Cone's Mexico mills were already Recycled Claim Standard (RCS) certified, the distinction "allows Cone Denim to provide our customers with third-party verification of recycled content in our denim fabrics."

The firm continues to invest in new technologies and processes as it aims to hit sustainability targets. Over the past five years, Cone has funneled $13 million into the installation of new equipment that reduces resource use, helping it to shrink the environmental footprint of its denim manufacturing operations.

"Our Zero Liquid Discharge wastewater treatment system in Parras, Mexico, plays a key role in reducing our water footprint by saving up to 100 million gallons of water annually," Maggard explained. Meanwhile, a customized ultrafiltration and reverse osmosis system recycles the wastewater at the facility and treats 11,000 gallons per hour.

"The recovered water is recycled back into the manufacturing process and eliminates wastewater being discharged into the environment," he said. Currently, 33 percent of the firm's overall global denim production is made with recycled water filtered through the state-of-the-art system.

The group employs Jeanologia's Ozone finishing process at its Mexico mills to slash water usage. The eco-efficient alternative to traditional finishing techniques reportedly uses 83 percent less H2O, 39 percent fewer chemical additives, and 14 percent less energy.

"We've also installed a blend line at Cone Denim Parras in Mexico," Maggard said, noting that it allows Cone to combine up to four different types of fibers, from hemp to Tencel, recycled polyester, recycled cotton, organic cotton and other inputs, processing the fiber mix internally. "We can offer more sustainable solutions with lower minimums and shorter lead times to Cone Denim customers because of this technology," he added.

Between its two Mexico mills, Cone has the capacity to produce 60 million yards of denim each year. Macroeconomics and inflation have "resulted in the industry experiencing some softness," but Maggard said he believes "things are picking up as brands work through their inventories."

"While business is not as strong as we want, we are seeing demand return," he added. "We continue to make strategic investments in this hemisphere and will be ready when the market fully recovers."

Healthy Outlook

"Our customer base is growing and the health of our business in the region is expanding," said Alejandro Arias, Star Fades International (SFI) vice president of sourcing for Central America.

Arias, who joined the company last June, opened the company's first office in Guatemala City as SFI doubles down on Western Hemisphere production. "Customers understand the model better than when we first began exploring production in Mexico," he said of the nearshoring process. "They understand the benefits of the system and, as a result, the orders are larger."

SFI has formed partnerships in Mexico and added dedicated staff in the country in recent seasons, and has expanded to Guatemala in order to strengthen its offering in the region. SFI's original operations in Los Angeles serve as the "hub for our growing nearshoring business," Arias said.

"Expanding to Mexico and Central America has helped us diversify our portfolio," SFI executive vice president of global sales and strategy Sergio Turbay added. The company's operations in Mexico and Guatemala have become a proving ground for innovation. "We can test new ideas in the region that we can later adopt elsewhere," he said. "That helps our business and it helps our customers' businesses."

With greater speed-to-market, SFI is also able to explore different sales channels and business models. "With production centers in the Western Hemisphere, customers can delay decisions until the moment of production to be able to react to sales data," Turbay said.

Those capabilities have attracted a "larger breadth" of potential clients spanning premium brands and mass retail. "It gives us a global presence as now we have multiple models, like the chase model, and multiple countries of origin," he added. "It gives us an edge."

Arias said brands have shown a greater degree of interest in fashion products, including "more-complex silhouettes like jackets and dresses," which can be "a challenge in the region," which is well-versed in cotton staples. In response to the burgeoning demand, SFI is working to identify factories with the capabilities to produce such products and explore non-denim categories like knits. "We're also looking into products our

customers are missing, such as women's ready-to-wear and women's fashion knits," he added. "Those are opportunities."

The denim manufacturer is also working to develop a regional supply chain in the Americas, complementing its Mexico production with its L.A. laundry. "We're looking to leverage our expertise in L.A. to offer garment-dyed knits or graphics," Arias said.

Addressing Challenges

Despite feeling bullish about the possibilities, Turbay maintains that "Mexico is a challenging environment" due to limited capacity for quality production. "Trying to do it yourself is not easy without a powerful vendor-sourcing model like ours," he said, noting that the firm has worked hard to make inroads with trustworthy partners.

According to Turbay, microeconomic factors can affect the quality and diversity of the product made in Mexico. "Of course, there are factories that are quite capable of producing very innovative products," he said. "But you need a combination of the right factory, the right capacity, the right turn time and an understanding of the right requirements to be a value proposition for all partners," including the supplier, the brand clients and SFI.

What's more, not all factories in Mexico and Guatemala are able to produce at the standards of non-local brands, "and not all can meet the sustainability requirements our customers expect," Turbay said. SFI is apprised of its customers' environmental goals and is invested in helping its partners in Mexico get up to speed. "We make sure to elevate those factories," he added. "We help transform those factories into factories of the future and we help them grow."

It's an effort the company plans to move forward with over the coming years, Arias said. "We continue to invest in the business—both in personnel and knowledge."

Manpower has been SFI's largest investment as it works to expand its offices in Mexico and Guatemala with local hires. "We are very committed to the region and will continue to expand our footprint on ground," he said. "We see so much potential in the region."

Brands, too, are cottoning onto the benefits of sourcing from Mexico. Four-year-old L.A. women's denim label Etica has been doing business in the country since its inception, launching with a mission to reduce environmental impact and promote greater supply chain ethics. The brand uses Better Cotton Initiative (BCI) cotton and has earned certifications that include Oeko-Tex Standard 100, WRAP (Worldwide Responsible Accredited Production) and Cradle to Cradle.

"Mexico is where our brand story began," creative director Michelle Marsh told Rivet. Etica's co-founder, Agustin Ramirez, was born and raised in Puebla, a bustling city south of Mexico City that boasts "a European flare and rich culture." The Puebla area produces products like Talavera pottery, agricultural goods and textiles, specializing in denim. Ramirez opened his first factory, Hera Apparel in the city 25 years ago.

Generally, "Mexico has a rich heritage of craftsmanship, with generations of manufacturing expertise," Marsh said. Etica continues to produce at Hera, which uses a small-batch production system and advanced eco-tech. Jeanologia's E-Flow washing technology converts air into nanobubble vapor, saving more than 1,000 gallons of water and cutting energy use with each load. The vertical manufacturer also employs Jeanologia's laser technology to create authentic distressing effects, eschewing standard chemicals, and its G2 Atmos Ozone to save water during washing.

The factory's wash house exclusively employs Bluesign-certified low-impact alternatives to commonly used agents like potassium permaganate, caustic soda and bleach, as well as plant-based softeners, neutral waterless enzymes, natural dyes, and faux stones that are recycled for industrial use.

According to Marsh, Mexican culture is "grounded in a reverence for nature, and a love for the planet"—values reflected by its producers. "The manufacturing community is passionate about sustainability, about taking care of their home, and building a better world for future generations," she said. "Our mills are constantly innovating, finding ways to create newness without waste, and without pollution."

While in its relative infancy, Etica is already getting the industry's attention for its clean denim production and ethical labor standards—a boon considering the wealth of environmentally-focused denim labels that call L.A. home. Its secret sauce may be its commitment to Mexico

sourcing—a differentiator that Marsh said represents “the heart of the Etica brand.”

Source: sourcingjournal.com– May 25, 2024

HOME

****

Can Fashion Decouple Profits from Production?

Can brands make money without making new clothes? That's the question that a new Ellen MacArthur Foundation initiative hopes to answer.

Unveiled at the Global Fashion Summit: Copenhagen Summit in the Danish capital on Tuesday, The Fashion ReModel brings together Arc'teryx, Primark, Reformation, Zalando and H&M Group's Arket, Cos and Weekday brands to suss out opportunities to decouple revenue from new garment production.

So-called "circular" business models such as rental, repair, resale and remaking have the potential to grow from 3.5 percent of the global fashion market today to 23 percent by 2030, the Ellen MacArthur Foundation said, creating a $700 billion opportunity that could slash one-third of climate emissions reductions necessary to align the industry with the 1.5-degree Celsius pathway. The issue, however, is scale. The fashion industry is built on a system of constant newness. Changing that won't be easy.

That many of the first companies to sign up are from the high street is notable. With the razor-thin margins that underpin their low prices, fast fashion retailers rely on churning out vast quantities of new garments—100 billion every year, according to one estimate—to make the calculus work. H&M and Primark, in particular, have been panned for promoting overproduction and overconsumption in the name of "democratizing fashion."

But the industry is "rooted in reinvention," Jules Lennon, the Ellen MacArthur Foundation's fashion lead, said at a press conference at the Danish Architecture Center. "It has the power to shape desire, to shape trends, to shape culture. And so we're looking to harness this creative and innovative potential, and ultimately make circular business models the norm."

One thing that informs The Fashion ReModel is the organization's recently concluded Jeans Redesign project, a multi-stakeholder effort to make denim production less wasteful and polluting through design and production tweaks such as doing away with metal rivets and requiring a certain proportion of recycled cotton. Many of those requirements may be table stakes today but they weren't in 2019, when there was no agreement on what the minimum bar would be, Lennon said.

“Fast forward to 2023: we had 100 organizations, fabric mills, garment manufacturers, brands, retailers from 25 countries, and they proved it was possible,” she said. Not only did it result in business action, Lennon said, but national governments and European Union institutes are citing Jeans Redesign’s “common guidelines with common definitions” as a best practice for proposals such as the EU’s ecodesign for sustainable products regulation, or ESPR.

Disincentivizing overproduction is one of the goals of the ESPR, which plans to ban the destruction of returned and unsold goods, the proportion of which has increased with the growth of online shopping and fast fashion’s ever-quickening pace. So far, the scale and impact of clothing’s destruction are big unknowns. So are brands’ specific production volumes, which Ghana-based environmental group The Or Foundation has been trying to peg through its ”Speak Volumes” campaign, though few companies have picked up its gauntlet.

“The ecodesign directive, which puts requirements for the quality of textiles, repairability and everything is a way to move away from fast fashion, which is the vision of the [EU] textiles strategy,” Lars Fogh Mortensen, consumption, products and plastic expert at the European Environmental Agency and a candidate for the upcoming European Parliament elections, said at a Global Fashion Agenda global policy masterclass on Tuesday. “And that advice is [to look] at [production] volumes as well.”

Like Jeans Redesign, The Fashion ReModel doesn’t claim to have all the answers. Rather, it’s about “providing an entry point” and “learning by doing,” Lennon said. The Ellen MacArthur Foundation has identified priority topics that are currently preventing circular business models from becoming mainstream practice, such as financial metrics and evidence of impact. The initiative also has a built-in accountability mechanism, so “we will actually, over time, be able to talk publicly about the progress that’s being made,” Lennon said.

Leyla Ertur, head of sustainability at the H&M Group, said it’s looking forward to working with the Ellen MacArthur Foundation again.

“The Jeans Redesign pushed us to explore what circular design could mean for our product assortment and now The Fashion ReModel is set to do the same with circular business models,” she said in a statement. “The opportunity presented by decoupling the fashion industry’s growth from

resource use is huge and this project can help us better understand how to further scale these models."

For Liz Ricketts, co-founder and executive director of The Or Foundation, however, brands still need to cough up some basic information. Without "real transparency" into production volumes, she told Sourcing Journal, how can any of these initiatives be "judged as anything more than greenwashing?"

"It's a refreshing sign to see these brands acknowledge that they must change their business model, but if they want to address the real issue then they need to face the zombie in the room of production volumes," Ricketts said. "We invite them to take the simplest step by joining our Speak Volumes campaign to publish their production volumes as part of their annual report and make this the collective standard across the industry."

Source: sourcingjournal.com– May 26, 2024

HOME

****

Cambodia requests Vietnam to raise bilateral trade volume to $20 bn

Cambodia recently requested Vietnam to raise bilateral trade volume to $20 billion in the near future.

The request was made by Cambodian deputy prime minister Sun Chanthol to his Vietnamese counterpart Lee Minh Khai on the sidelines of the two-day Nikkei Forum 29th Future of Asia in Tokyo.

Ambassador of Cambodia to Japan Tuy Ry was present at the meeting.

Both sides reaffirmed their commitment to further deepen existing cooperation for mutual benefit, a news agency reported.

Chanthol also briefed Khai about the Funan Techo Canal project, saying it would balance environmental sustainability and ecological systems, establish all kinds of mixed habitats and prevent floods from Cambodia into Vietnam.

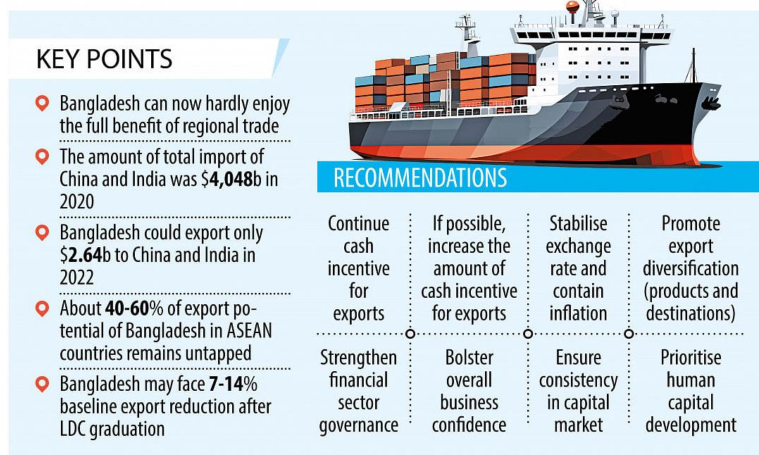
Source: fibre2fashion.com– May 27, 2024

HOME

****

'Bangladesh: hardly utilising regional trade potential'

Bangladesh is hardly utilising its regional trade potential as less than 5 percent of the country's total exports go to India and China -- two major economies of Asia -- and countries that are members of the Association of Southeast Asian Nations (ASEAN), a study found.



Global exports to China and India stood at $4,050 billion in 2020, but even in 2022 Bangladesh could export only $2.64 billion worth of goods and services to the two countries, the study said.

Bangladesh's total exports in 2022 stood at nearly $60 billion, of which India and China accounted for only 4.5 percent, indicating poor trade flow to the regional economic giants, it added.

Atiur Rahman, a former governor of the Bangladesh Bank, conducted the study, titled "Post-LDC graduation: Opportunities, Challenges, and the Way Forward".

In the study, he cited Bangladesh's low exports to Asian countries like India, China, South Korea and Japan.

Rahman, also an emeritus professor at the University of Dhaka, said around 40-60 percent of Bangladesh's export potential to Southeast Asia and ASEAN nations remains untapped.

He presented the findings of the study at a regular luncheon meeting of the American Chamber of Commerce (AmCham) in Bangladesh at the Sheraton Dhaka Hotel.

In November 2026, Bangladesh will graduate from the category of least developed countries (LDCs) and lose its most-favoured nation (MFN)

tariffs and duty-free market access to partner countries, which may cut the country's baseline exports by 7-14 percent, he said.

Moreover, Bangladesh will also face stringent 'Rules of Origin' for exports and the pharmaceutical sector, for example, will have to comply with trade-related intellectual property rights (TRIPS) obligations, he said in the study.

He suggested the continuation of cash incentives on export receipts for as long as possible, saying that different export sectors need time to make preparations and stabilise given the volatile global economic situation.

Rahman also recommended the government increase the incentive if possible.

He also urged the government to take steps to stabilise the exchange rate, contain inflation, promote export diversification in terms of both products and destinations and bolster remittance.

Consistency should be ensured in the capital market and priority should be given to human capital development through stronger private sector participation, he said.

At the AmCham event, Md Humayun Kabir, additional labour secretary, presented the findings of a research on the "Development of labour conditions in Bangladesh for sustainable growth" in a panel discussion.

Bangladesh has ratified 36 International Labour Organisation (ILO) conventions, including 8 of 10 fundamental conventions, and protocol 29 on forced labour, Kabir said.

In 2022, Bangladesh ratified ILO convention 138, which concerns the minimum age for entry into the workforce and protocol 2014, a convention on forced labour, he said.

A roadmap on labour rights for 2021 to 2026 is also being implemented, he said.

In line with the ratified conventions, Bangladesh is making significant efforts for enforcement, which includes legal and administrative reforms and promotional activities, the additional secretary said.

Since 2013, Bangladesh has made remarkable progress in ensuring labour rights and workplace safety, which has been recognised globally, he said.

Bangladesh will have to apply to the US government for reinstatement of the generalised system of preferences (GSP) as the status was suspended after the Rana Plaza building collapse in June 2013, said Leena Khan, labour attache of the US embassy in Dhaka.

At present, the GSP status is inactive as the US Congress has not revived the programme since December 2020, she said.

Neeran Ramjuthan, programme manager of the ILO Labour Administration and Working Conditions Cluster, expects Bangladesh will amend its labour law to make it in tune with international standards as per commitments to the ILO.

It is imperative for the government, policymakers and the banking watchdog to work together to implement effective measures to control inflation and mitigate its impact, said Syed Ershad Ahmed, AmCham president.

Other key challenges are declining foreign exchange reserves, the balance of payment deficit, imbalances in the demand and supply of energy, supply chain disruptions, and the struggling banking sector, Ahmed also said.

Source: thedailystar.net– May 27, 2024

HOME

****

Bangladesh, Japan hold 1st round of talks in Dhaka for EPA

Japan and Bangladesh discussed trade in goods, rules of origin, customs procedures and trade facilitation, investment, e-commerce, intellectual property and the method of negotiations at the first round of talks for an economic partnership agreement (EPA) in Dhaka recently.

The meeting was attended by Taketani Atsushi, ambassador in charge of economic diplomacy at the Japanese embassy in Dhaka, and Ahmad Munirus Saleheen, chairman of Bangladesh Trade and Tariff Commission (BTTC), a release from the embassy said.

On May 19, Japanese ambassador to Bangladesh Iwama Kiminori participated in the opening session of the negotiations with Bangladesh state minister for commerce Ahasanul Islam Titu, commerce secretary Mohammad Selim Uddin and BTTC chairman and chief negotiator from the Bangladesh side Ahmad Munirus Saleheen.

Source: fibre2fashion.com– May 26, 2024

HOME

****

Bangladesh: Garment export to EU slightly up in July-April

Garment export to the European Union (EU) in the July-April period of the current fiscal year grew by 3.66 percent from that in the corresponding period of last fiscal year to reach $19.90 billion.

Among the EU member countries, garment export to Denmark grew by the highest margin of 32 percent, according to data from the Export Promotion Bureau compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Meanwhile, garment export to Poland grew by 20.65 percent followed by 17.51 percent to the Netherlands, 6.07 percent to Spain and 3.42 percent to France. However, apparel export to Italy declined by 2.45 percent, as per the country-wise garment export data compiled by the BGMEA.

Moreover, garment export to Germany, the largest export market in the EU, amounted to $5.01 billion. This was a decline of 9.40 percent from that in the July-April period of fiscal year 2022-23.

Garment export to the US reached $6.81 billion in the first 10 months of FY2023-24, declining by 1.90 percent year-on-year.

At the same time, apparel export to the UK and Canada reached $4.8 billion and $1.26 million in FY2023-24, showcasing year-on-year growths of 14.55 percent and 2.95 percent respectively.

During the July-April period of FY 2023-24, apparel export to non-traditional markets grew by 10 percent to $7.70 billion.

It was $7 billion in the corresponding period of the previous fiscal year.

Among the major non-traditional markets, garment exports to Japan, Australia and South Korea increased by 6.14 percent, 17.18 percent and 14.73 percent respectively. However, apparel exports to India declined by 22.44 percent. The decline has been gradually coming about since August 2023.

Source: thedailystar.net– May 27, 2024

HOME

****

NATIONAL NEWS

India's economic growth momentum to continue in Q1 FY25: Ministry

Early indications suggest India's economic momentum will continue in the first quarter (Q1) of fiscal 2024-25 (FY25), according to the economic review for April by the country's finance ministry.

Industrial activity is gaining momentum. This is clear from improving industrial capacity utilisation and volume indicators like the index of industrial production and purchasing managers' index (PMI) for manufacturing.

With capacity utilisation in the manufacturing sector rising above the long-term average, the rise in new investment announcements by the private sector was positive for growth, the ministry noted in the review report.

"The emerging robust trends in important high-frequency indicators of growth like the GST (goods and services tax) collections, e-way bills, electronic toll collections, sale of vehicles, purchasing managers' indices and the value and number of digital transactions attest to the growing strength of the economy," the review said.

Geopolitical tensions may, however, drive up international commodity prices and disrupt supply chains, the review cautioned.

Retail inflation clocked 4.83 per cent in April this year, the lowest in the past 11 months. Assuming a positive monsoon, the Reserve Bank of India has predicted a 4.9 per cent retail inflation rate for Q1 FY25.

"The future inflation path will be shaped by several elements. The positive indications in the farm sector should help India firewall against any adverse pressures that may arise from geopolitical tensions and global commodity prices," the document said.

The forward-looking surveys of the central bank also indicate improving consumer confidence and industrial outlook, the document noted.

While the urban unemployment rate declined year on year during Q4 FY24, the labour force participation rate and worker-to-population ratio have improved. Formal jobs are rising as well, the document added.

Source: fibre2fashion.com– May 27, 2024

HOME

****

India in trade deficit with 9 of top 10 trading partners in 2023-24: Data

India has recorded a trade deficit, the difference between imports and exports, with nine of its top 10 trading partners, including China, Russia, Singapore, and Korea, in 2023-24, according to official data.

The data also showed that the deficit with China, Russia, Korea, and Hong Kong increased in the last fiscal compared to 2022-23, while the trade gap with the UAE, Saudi Arabia, Russia, Indonesia, and Iraq narrowed.

The trade deficit with China rose to $ 85 billion, Russia to $ 57.2 billion, Korea to $ 14.71 billion and Hong Kong to $ 12.2 billion in 2023-24 against $ 83.2 billion, $ 43 billion, $ 14.57 billion and $ 8.38 billion, respectively, in 2022-23.

China has emerged as India's largest trading partner with $ 118.4 billion of two-way commerce in 2023-24, edging past the US.

The bilateral trade between India and the US stood at $ 118.28 billion in 2023-24. Washington was the top trading partner of New Delhi during 2021-22 and 2022-23.

India has a free trade agreement with four of its top trading partners - Singapore, the UAE, Korea and Indonesia (as part of the Asian bloc).

India has a trade surplus of $ 36.74 billion with the US in 2023-24. America is one of the few countries with which India has a trade surplus. The surplus is also there with the UK, Belgium, Italy, France and Bangladesh.

India's total trade deficit in the last fiscal narrowed to $ 238.3 billion as against $ 264.9 billion in the previous fiscal.

According to trade experts, a deficit is not always bad, if a country is importing raw materials or intermediary products to boost manufacturing and exports. However, it puts pressure on the domestic currency.

Economic think tank Global Trade Research Initiative (GTRI) said that a bilateral trade deficit with a country isn't a major issue unless it makes us

overly reliant on that country's critical supplies. However, a rising overall trade deficit is harmful to the economy.

"A rising trade deficit, even from importing raw materials and intermediates, can cause the country's currency to depreciate because more foreign currency is needed for imports. This depreciation makes imports more expensive, worsening the deficit," GTRI Founder Ajay Srivastava said.

He said that to cover the growing deficit, the country might need to borrow more from foreign lenders, increasing external debt and this can deplete foreign exchange reserves and signal economic instability to investors, leading to reduced foreign investment.

"Cutting trade deficit requires boosting exports, reducing unnecessary imports, developing domestic industries, and managing currency and debt levels effectively," Srivastava added.

Source: business-standard.com– May 26, 2024

HOME

****

Goldman Sachs ups India 2024 GDP forecast to 6.7%; sees RBI rate cut in Q4

Goldman Sachs revised upwards its forecast for India's gross domestic product (GDP) growth for calendar year 2024 (CY24) by 10 basis points (bps) to 6.7 per cent, and expects the Reserve Bank of India (RBI) to cut interest rates in the fourth quarter of the current calendar year (Q4-CY24) / third quarter of the current fiscal year 2024-25 (Q3-FY25).

India's, core inflation averaged 3.4 per cent year-on-year (YoY) in January till April 2024, which, analysts at Goldman Sachs said, is expected to bottom out in the second quarter Q2-CY24 and rise towards the 4 – 4.5 per cent mark in the second half of CY24. This belief, they said, was mainly driven by their view of an uptick in core goods inflation due to the lagged impact of manufacturing cost increases.

The MPC has sounded cautious on sticky food inflation, Goldman Sachs said, owing to supply-side disruptions due to the ongoing hot weather conditions in many parts of India.

The RBI, their analysts believe, may want to see progress of the monsoons and sowing of the summer (Kharif) crop to assess the food inflation trajectory in the second half of CY24, before pivoting towards monetary policy easing.

“Going forward, we expect investment growth momentum to sustain with extra fiscal space for infrastructure spending given a higher than expected dividend transfer by the RBI. As a result, we recently revised our growth forecasts for CY24 slightly higher by 10bp to 6.7 per cent YOY,” wrote Andrew Tilton, chief Asia-Pacific economist and head of EM economic research at Goldman Sachs in the note co-authored with Santanu Sengupta and Arjun Varma.

Taking into account the above developments, Goldman Sachs has pushed back their expectation of a cut in interest rate by the RBI by one quarter to Q4-CY24 (vs. Q3 earlier), with the first cut most likely in the December 2024 meeting.

“We continue to expect a shallow easing cycle of total 50 basis points (bps) rate cuts from the RBI, with 25bps rate cuts each in Q4-CY24 and Q1-CY25,” Tilton, Sengupta and Varma wrote.

The US Federal Reserve

Goldman Sachs' US economics team has also pushed back its forecast for the Fed's first rate cut forecast by one meeting to September (from July previously), but still expects two rate cuts in CY24, with the second rate cut in December.

"Strong May PMIs, lower jobless claims and hawkish commentary by Fed officials, in particular Governor Waller raised the bar higher for a rate cut in July," Goldman Sachs' analysts said.

Meanwhile, the minutes of the recent FOMC minutes showed that the US central bank was willing to hike rates, if necessary, This, analysts said, was in sharp contrast to the Fed chair Jerome Powell's remarks that the committee was not thinking about hiking rates.

The US economy, according to Philip Marey, senior US strategist at Rabobank International, is heading towards stagflation, from the current situation of persistent inflation and GDP growth slowdown.

"Anyway, the window of opportunity for rate cuts is narrow. If Trump returns as US President – which is our current baseline scenario based on the opinion polls – we are likely to see a new inflationary impulse from a universal tariff in 2025. This should stop the Fed's cutting cycle in its tracks," he said.

Source: business-standard.com– May 27, 2024

HOME

****

EU's deforestation law that could hit Indian exports opposed by many WTO members

India's concerns on the EU's new Regulation on Deforestation-Free Products (EUDR), that would restrict exports of several items to the bloc from this year-end (December 30 2024), have been shared by a number of other WTO members who all asked for its postponement at a recent meeting in Geneva, sources said.

New Zealand, Australia, Brazil, Indonesia, Paraguay, Ecuador, Guatemala, Thailand, and the United States, all shared their misgivings on the new law which requires a variety of agricultural products sold in the EU market to be 'deforestation-free' and asked for postponement of its implementation, a Geneva based trade official said.

'Deforestation-free' means they must not result from recent (post December 31 2020) deforestation, forest degradation, or breaches of local environmental and social laws.

The EU, however, seemed determined to roll-off its deforestation regulation as planned and said it would get things ready for a smooth implementation.

"It is an important development for India that so many countries, both developed and developing, have opposed the EUDR at a recent agriculture committee meeting and also called for its postponement. If implemented in full, without any dilutions or exclusions, it could severely hit Indian exports to the bloc," another source tracking the matter told businessline.

An estimated $1.3 billion of Indian exports to the EU could be affected once the EUDR is in place, per calculations made by research body Global Trade and Research Initiative (GTRI).

This is because the rules would not only apply on the seven identified commodities–cattle, cocoa, coffee, oil palm, rubber, soya and wood–but also items derived from these.

An entire range of items could get affected such as meat products, leather, chocolate, coffee, palm nuts, palm oil derivatives, glycerol, natural rubber products, soybeans, soy-bean flour and oil, fuel wood, wood products, pulp and paper and printed books.

The critics cited multiple reasons for their deep concerns over the policy, the trade official said. Indonesia focussed on the problems that the `benchmarking system' would create by marking regions as high risk, medium risk and low risk, as there was a lot of confusion surrounding the categorisation.

India, too, had raised questions on conditions surrounding the benchmarking process in questions submitted to the EU and asked it to elaborate on the rationale behind them.

"Other countries criticised the one-size-fits-all approach and also the lack of a system that would effectively support compliance. They said that there was very limited time to comply, and for small producers the procedures were both costly and burdensome," the trade official added.

The EU, however, made it clear that it was determined to go ahead with the implementation and said that the classification of high-risk and low-risk countries would be based on scientific data and internationally recognized sources.

India had raised concerns on how low income farmers would be protected against the high compliance cost of the regulation. The EU stated that it has introduced several ongoing programs at different levels to help developing countries address the needs of smallholders and achieve deforestation-free supply chains. It added that a 7-million-euro fund will act as a flexible and on-demand instrument to assist smallholders with geolocation, mapping, and traceability.

Source: thehindubusinessline.com– May 26, 2024

HOME

****

GDP, GST data to be released next week will design economic narrative by new govt

Ahead of announcements of election results on June 4, five key high frequency indicators will lay out the economic framework for the policy structure of the new government. All these indicators will be made public within the next eight days days and barring GST, all are expected to exceed estimates.

Government's Statistics Office will release growth data for FY24 and Q4 of FY 24 on May 31. On the same date, two other key data, Fiscal Deficit for FY24 and April in FY 25 along with the core sector performance will be out. A day after that, GST collection in May will be published while on June 3, Purchasing Managers' Index (PMI) for May will be known.

Fiscal Deficit

The fiscal deficit is expected to be lower than the revised estimate. The government, in the interim budget, revised the fiscal deficit for FY24 at 5.8 per cent from budget estimate of 5.9 per cent.

Since revised estimate is based on income and expenditure of the first nine months (April-December) of a fiscal, significant change in these two during the last quarters of the fiscal have an impact on actual deficit. Both tax and non-tax revenue recorded much better performance, led by GST collection and dividends from Central Public Sector Undertakings (CPSEs).

The expectation is that deficit for FY24 would be at least 10-20 basis points lower than the revised estimates, though some economists have given slightly optimistic reduction up to 40 basis points. Any reduction in FY 24 followed by revision in the FY25 fiscal deficit on account of ₹2.10 lakh crore of dividend is critical for achieving 4.5 per cent fiscal deficit by the end of FY26.

GDP

Various economists and research agencies estimate that GDP would have grown between 7.5 to 7.8 per cent during FY 24. India ratings & Research (Ind-Ra) expects growth rate between 6.9 and 7 per cent.

In a report, ICRA projected the year-on-year (y-o-y) expansion of the GDP to moderate to a four-quarter low of 6.7 per cent in Q4 FY24 from 8.4 per cent in Q3 FY24. Further, the gap between the GDP and the GVA growth is likely to moderate to 100 basis points (bps) in Q4 FY2024 from the particularly high 185 bps in the previous quarter.

This is on account of an expected lower expansion in the net indirect taxes in Q4 owing to a narrower dip in the subsidy outgo for the full-year FY24. ICRA expects the GDP and GVA growth to print at 7.8 per cent and 7 per cent, respectively, unless the growth for 9M FY24 is revised, the report said.

GST collection

After an all-time high collection of ₹2.10 lakh crore in April, collection in May is expected to be lower on month-on-month basis, but higher on year-on basis. One key indication is e-Way bill generation. Research agency CARE Edge says, “Generation of e-way bills in April slowed to ₹96.7 million from ₹103.5 million last month, indicating that GST collections are expected to see some moderation in the coming month.”

Source: thehindubusinessline.com– May 26, 2024

HOME

****

Shipments to Russia jump but exporters are wary of sanctions

NEW DELHI: Russia's war with Ukraine and the consequent sanctions helped push the export of engineering goods, machinery and machine parts as well as aircraft spares from India during the last financial years, while traditional items such as pharmaceuticals, tea, coffee and tobacco stagnated or fell.

While trade bodies say there is tremendous interest to import goods from India, the fear of sanctions and reluctance of banks to complete the transactions have made exporters wary of pushing their goods.But industry experts believe that some of the goods to Russia may be routed via UAE, which has significantly benefited from the tension in Ukraine and Russia.

Thanks to massive oil imports, Russia has emerged as India's fourth largest trading partner with total trade estimated at $65.7 billion. After China, India had the second highest trade deficit with Russia, pegged at over $57 billion. Although there has been a buzz about recent moves to allow Russian exporters, who receive the payment in rupees, to invest more freely, the norms have always been there since RBI put in place the mechanism. There have also been several trade missions to explore export opportunities in Russia, some of which can use the rupee balances.

But exporters are shy, arguing that banks are reluctant. "Most Indian banks don't want to take up this business, fearing possible sanctions," said a large Indian exporter.

While Russian entities such as SberBank are willing to route funds through their Indian branch, domestic players want to avoid these transactions. "My advice to fellow exporters has been to route all exports through a small subsidiary so that the other parts of the business are not exposed to any sanctions," said another exporter, who has stopped all business with Russia for the last two years. A German buyer is, however, sourcing goods from this exporter and then exporting to Russia.

Sectors such as auto components had seen a lot of interest post-sanctions but the exposure of Indian companies to American buyers and global car giants has seen them stay away.

Latest official data showed that in 2023-24, exports to Russia climbed over 35% to $4.3 billion, when India's cumulative goods exports were more than 3% lower. Of the $1.2 billion increase, nearly a half was on account of machines and machine parts, including electronics.

Source: timesofindia.com– May 27, 2024

HOME

****