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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

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Currency Watch			
USD	EUR	GBP	JPY
83.30	90.38	106.23	0.53

INTERNATIONAL NEWS	
No	Topics
1	EU Council adopts ecodesign; bans destruction of unsold textile
2	Euro area inflation expectations hit lowest since 2021: ECB survey
3	European Council adopts regulation to track & reduce methane emissions
4	No, trade surpluses aren't caused by comparative advantage
5	Global apparel industry slumps in March 2024, import-export fall amidst low consumer confidence: Wazir Advisors
6	McKinsey report finds apparel industry needs to revamp sourcing strategies
7	Australian retail turnover sees modest rise in April 2024
8	700 items get Ghana's rules of origin credential to trade under AfCFTA
9	Sri Lanka's central bank holds policy interest rates at current levels
10	China & Nepal reopen traditional border trade point

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11	Vietnam's industrial sector recovering, ministry assessment reveals
12	Indonesia's Industry Ministry expresses concerns over rising TPT imports
13	Pakistan witnesses partial initiation of new cotton ginning season
14	Bangladesh: FDI slips but stays above $3b

NATIONAL NEWS	
No	**Topics**
1	Commerce Department fine tuning strategy for negotiating FTAs
2	FTA benefits elude India
3	India major gainer of China+1, exports to soar to $835 billion by 2030: Nomura
4	Fashioning an ethical, sustainable garment industry
5	Creating an Export Development Fund is crucial for the MSME ecosystem: FIEO's Ashwini Kumar
6	Battleground 2024: Ludhiana's textile industry wants govt to stitch up FTAs

INTERNATIONAL NEWS

EU Council adopts ecodesign; bans destruction of unsold textile

The European Council has officially adopted the ecodesign regulation, setting stringent requirements for sustainable products in the European Union (EU). The regulation directly bans the destruction of unsold textiles and footwear with temporary exclusions for small and medium-sized enterprises (SMEs) and authorises the Commission to introduce similar bans for other products in the future.

This new regulation replaces the existing ecodesign directive and broadens its scope to encompass all goods placed on the EU market, beyond just energy products. This approval marks the final step in the decision-making process.

To encourage the public purchase of green products, ecodesign criteria will be applied in public procurement. It will also align with the Digital Services Act for products sold online.

The regulation applies to a wide array of products, with exceptions such as cars and defence-related items. It introduces several new requirements, including product durability, reusability, upgradability, reparability, and energy and resource efficiency.

Additionally, it sets rules regarding substances that inhibit circularity, recycled content, remanufacturing, recycling, and environmental footprints. The regulation also mandates the inclusion of a Digital Product Passport, the European Council said in a press release.

Belgian Deputy Prime Minister and Minister of the Economy and Employment, Pierre-Yves Dermagne, highlighted the importance of the regulation: "With the ecodesign regulation, we create the right incentives for the industry to think circular from the very design conception of the products they plan to produce and sell in the EU."

Following the Council's approval, the legislative act will be signed by the President of the European Parliament and the President of the Council. It will then be published in the Official Journal of the European Union and

will come into force 20 days after publication. The regulation will apply 24 months after it enters into force.

The Ecodesign Directive 2009/125/EC previously established energy efficiency requirements for 31 product groups, saving €120 billion (~$130.58 billion) in energy expenditure and reducing annual energy consumption by 10 per cent for the covered products.

The new regulation was proposed by the Commission on March 30, 2022, with the Council adopting its general approach on May 23, 2023 and reaching a provisional agreement with the Parliament on December 4, 2023.

Source: fibre2fashion.com– May 28, 2024

HOME

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Euro area inflation expectations hit lowest since 2021: ECB survey

Inflation expectations across the euro area have declined to their lowest since September 2021, according to the April 2024 European Central Bank (ECB) Consumer Expectations Survey. The survey reported that the median inflation expectation for the coming 12 months edged down to 2.9 per cent from 3 per cent in March, while expectations for three years ahead also decreased slightly to 2.4 per cent from 2.5 per cent. Despite these reductions, the median rate of perceived inflation over the past 12 months remained unchanged at 5 per cent. This suggests that while inflation expectations are softening, they still lag behind the levels of perceived past inflation, which may influence consumer sentiment and spending behaviours, as per the survey.

The survey also highlighted stability in income and consumption expectations, with consumer expectations for nominal income growth holding steady at 1.3 per cent. However, perceptions of nominal spending growth over the previous 12 months slightly decreased to 6.3 per cent from 6.4 per cent, a decline observed mainly among older respondents aged 35-70. Expectations for nominal spending growth over the next year remained stable at 3.6 per cent.

On the labour market front, the outlook appears cautiously optimistic. Economic growth expectations for the next 12 months were less negative, improving to minus 0.8 per cent from minus 1.1 per cent in March. However, expectations for the unemployment rate over the next 12 months rose slightly to 10.9 per cent from 10.7 per cent, suggesting a broadly stable yet cautious labour market scenario. Notably, the probability of finding a job decreased among unemployed respondents, while the probability of job loss increased among employed individuals.

The survey also observed that inflation perceptions and expectations were relatively aligned across different income groups, with slightly lower expectations among the highest income quintile. Younger respondents (aged 18-34) reported lower inflation expectations compared to older age groups, though there was a noted convergence in inflation perceptions across all ages.

Source: fibre2fashion.com– May 29, 2024

HOME

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European Council adopts regulation to track & reduce methane emissions

The European Council has officially adopted a regulation focused on tracking and reducing methane emissions as part of the 'Fit for 55' package. This regulation introduces new requirements for measuring, reporting, and verifying methane emissions within the energy sector, aiming to mitigate emissions through measures such as detecting and repairing methane leaks, and limiting venting and flaring activities.

A significant aspect of the regulation is the use of global monitoring tools to ensure transparency regarding methane emissions from imports of oil, gas, and coal into the European Union (EU). Operators will now be required to measure methane emissions at the source level and produce monitoring reports, which will be verified by independent accredited entities.

Member states will maintain and regularly update inventories of all wells and develop mitigation plans for inactive wells to prevent public health and environmental risks associated with methane emissions. National authorities are tasked with conducting periodic inspections to ensure operators comply with the regulation's requirements, including taking necessary remedial actions, the European Council said in a press release.

Under the new rules, operators must detect and repair methane leaks by conducting surveys of different infrastructure types at specified intervals. Any component with methane leaks above certain levels must be repaired or replaced immediately upon detection, and no later than five days thereafter. The regulation sets a 30-day deadline for complete repairs.

Additionally, the regulation bans venting and flaring methane from drainage stations by 2025 and from ventilation shafts by 2027, except in cases where it is strictly necessary or due to emergencies or malfunctions. Methane emissions from the EU's energy imports will also be monitored, with new global tools increasing transparency around emissions from imported oil, gas, and coal.

The regulation will come into effect on the twentieth day following its publication in the Official Journal of the EU. The European Commission will review the regulation's application in 2028, assessing the level of emissions reduction achieved.

“Methane, a short-lived climate pollutant up to 30 times more potent than CO2, is the second most important greenhouse gas. To meet the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius and achieving climate neutrality by 2050, we must cut methane emissions in the oil, gas, and coal sectors. This legislation ensures proper monitoring and addressing of emissions across these value chains,” said Tinne Van der Straeten, Belgian minister for energy.

Source: fibre2fashion.com– May 28, 2024

HOME

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No, trade surpluses aren't caused by comparative advantage

In a New York Times essay in the wake of Biden's recent trade restrictions, former Obama administration official Steven Rattner made a plea for the return of the US to a global system of comparative advantage.

Tariffs and other trade policies, he argued, violate the principle of comparative advantage, and anyway Americans are better off if they can buy the cheapest foreign products available.

While many other economists and officials have made similar arguments, this only shows how poorly trade is understood. The global trading system has long diverged from one in which countries specialise in comparative advantage.

You can see this in the highly unbalanced trading environment of the past several decades. The theory of comparative advantage proposes that the global economy benefits when different countries specialise in products they can produce comparatively more efficiently, exchanging them in the global markets for products that other countries can produce more efficiently.

But "exchange" is the key word. To illustrate, let's assume a world of two products, textiles and glass, and of two countries, Germany and Spain. In this world, even if Germany can produce both textiles and glass more cheaply than Spain, Germany wouldn't have a comparative advantage in both.

If Germany's price advantage in textiles is greater than it is in glass, this would mean that Germany's comparative advantage will be in textiles and Spain's in glass. In that case, if Germany produces textiles, and Spain glass, and each sells what it produces to obtain what it doesn't produce, both countries will collectively produce more and be better off. David Ricardo famously showed why in his 1817 book, On the Principles of Political Economy and Taxation.

It's often forgotten (even by economists) that the global benefits of trade under comparative advantage can't be realised in their production. Only an balanced exchange of goods will express it.

So is it possible for Germany to sell both textiles and glass to Spain while running trade surpluses? Yes, but it turns out that this has nothing to do with comparative advantage, and everything to do with the domestic distribution of income.

If German workers receive a low enough share of what they produce — in the form of direct and indirect wages — German businesses will be able to produce both textiles and glass even more cheaply than Spanish businesses, but German households will not be able to consume or import in line with what they produce.

In that case, while Germany can expand production of both textiles and glass, and sell the part it cannot consume to Spain, its expansion will come at Spain's expense. In other words, Germany will use its exports not to pay for imports from Spain, but rather to force the consequence of its weak domestic demand on to the Spanish economy. While this would leave German businesses better off, it would leave German and Spanish workers and Spanish businesses worse off.

Economists who argue that in this example Germany has a comparative advantage in both textiles and glass are confusing comparative advantage with weak domestic demand. To move to a system of comparative advantage would require enough of a rise in German wages that German demand would rise in line with and match German production. In that case Germany would still export, but its imports would increase relative to exports, and the problem of weak demand would be resolved.

In the discussion about Biden's recent tariffs on Chinese goods, we have to make the same distinction between low Chinese prices associated with comparative advantage and low Chinese prices associated with weak domestic demand. Chinese workers are much less productive than American workers, so it's to be expected that they earn lower wages. The problem is that even adjusting for differences in productivity, Chinese wages are low.

It is these relatively low wages — not comparative advantage — that explain China's weak domestic demand as well as its low export prices across the board.

This would change if China were to raise its wages in line with its productivity, as it has been promising to do for nearly two decades. In that case it would still export products in which it had a comparative

advantage, like electric vehicles, but because Chinese households would be able to consume more, it would import just as much as it exported, and so would contribute as much demand to the world economy as it absorbs. Americans would pay for their Chinese imports with exports to the world.

This isn't what is happening. China exports far more than its population can afford to import. And so while most economists support free trade under comparative advantage because this maximises the value of goods and services produced by the economy, excess savings and persistent trade surpluses are not signs of comparative advantage.

This has important political implications. In a famous 1936 essay, Joan Robinson warned about a global trading system in which countries use trade to export weak domestic demand and domestic unemployment. This led to an explosion of trade conflict in the 1930s. No one should be surprised that it is leading to the same today.

Source: ft.com– May 28, 2024

HOME

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Global apparel industry slumps in March 2024, import-export fall amidst low consumer confidence: Wazir Advisors

The global apparel industry witnessed a significant slowdown in March 2024, with both import and export figures dropping across major markets reveals Wazir Advisors May 2024 report, 'Apparel trade scenario in key global markets and India'. This trend aligns with declining retailer inventory levels and weakening consumer confidence, reflecting a concerning picture for the near future.

Imports decline reflect waning demand

Import data for key markets like the US, EU, UK, and Japan paints a grim picture. The US, the world's largest apparel importer, saw a 6 per cent year-on-year (YoY) decline in imports to $5.9 billion in March 2024.

Similarly, the EU, UK, and Japan experienced significant drops of 8 per cent, 22 per cent, and 26 per cent respectively, highlighting a global decrease in demand. The decline in apparel imports signifies a shrinking apparel market in major regions.

Import decline aligns with the retailer inventory data from Q4 2023. The data suggests a substantial decrease in inventory levels compared to the previous year, indicating that retailers are cautious about stocking up due to weakening demand.

Table: Decline in apparel imports in major markets March 2024

Market	Value ($bn)	YoY change (%)
US	5.9	-6
EU	7.1	-8
UK	1.4	-22
Japan	1.7	-26

Consumer confidence, inventory levels reflect weak demand

The situation is further compounded by declining consumer confidence. In the US, consumer confidence reached a seven-quarter low of 97.0 in April 2024, signifying a hesitant consumer base less likely to splurge on apparel. This lack of confidence is likely to further dampen demand and hinder a swift recovery for the apparel industry. The report also reflects

significant drop in retailer inventory compared to previous year. This indicates stores are selling through existing inventory and not placing large orders for new apparel. Weakening consumer confidence and declining inventory levels suggest a drop in demand for apparel.

Export woes for major suppliers

The export story is no brighter. Key supplier nations like China, Bangladesh, and India also experienced declines or stagnated growth in their apparel exports for April 2024.

China, the world's leading apparel exporter, witnessed a 3 per cent YoY drop to $11.3 billion, while Bangladesh and India saw flat growth compared to April 2023.

This suggests that the slowdown is impacting both ends of the global apparel supply chain, but supplier nations are still managing to export some apparel. In fact, the decline in apparel exports is slower than the decline in imports, indicating some continued demand for apparel globally.

Table: Declining exports from key suppliers

Market	**Value ($bn)**	**YoY change (%)**	**Change from March 2024**
China	11.3	-3	0
Bangladesh	3.3	0	10
India	1.2	0	-2

US apparel retail sales a puzzling trend

The report presents a puzzling trend in the US apparel retail sector. While US apparel store sales in April 2024 were estimated to be 3 per cent lower than April 2023, online clothing and accessory sales in Q1 2024 dropped by only 1 per cent compared to the same period in 2023.

Interestingly, on a year-to-date (YTD) basis, US apparel store sales are still 3 per cent higher than in 2023, suggesting some underlying resilience. So while apparel imports, consumer confidence, and inventory levels all point to weak demand, US apparel store sales show an unexpected increase.

However, this resilience seems limited. April 2024's home furnishing store sales mirrored the broader trend, dropping 2 per cent YoY, with YTD sales a concerning 14 per cent lower than in 2023. This indicates discretionary spending may be shifting away from non-essential items like apparel and home furnishings.

The UK market also reflects a cautious consumer. April 2024 saw UK apparel store sales remain flat at £3.3 billion, indicating an 8 per cent YoY decline. However, a positive sign emerged in the form of a 7 per cent growth in online clothing sales for Q1 2024 compared to Q1 2023. UK apparel store sales are stagnant, while online sales are growing. This suggests that UK consumers may be shifting their shopping habits towards online channels.

The Wazir study reveals global apparel industry is experiencing a slowdown, with declining imports, exports, and retail sales in some regions. Weakening consumer confidence and decreasing inventory levels are contributing factors. However, the data also suggests some variation across regions and channels. US apparel store sales show an unexpected increase, while UK online sales are growing. Further investigation is needed to understand these inconsistencies and predict future trends in the apparel market.

Source: fashionatingworld.com– May 28, 2024

HOME

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McKinsey report finds apparel industry needs to revamp sourcing strategies

A recent global survey by McKinsey & Company of apparel chief procurement officers (CPOs) highlights five key themes shaping the industry's approach to sourcing. The findings indicate a significant shift towards prioritizing efficiency, supply chain resilience, and sustainability, with a growing emphasis on collaboration with suppliers.

Key challenges

Demand volatility: Fluctuations in consumer demand and the bullwhip effect disrupt the supply chain, leading to shortages and overstocking.

Geopolitical tensions: Rising geopolitical instability is prompting brands to diversify their sourcing footprint to mitigate risk.

Sustainability regulations: Increasing regulations require brands to ensure ethical and environmentally friendly sourcing practices.

Competition: Fast-fashion giants like Shein are disrupting the market with rapid innovation and lower costs.
Five themes shaping apparel sourcing

Efficiency amidst volatility: Brands are prioritizing efficiency across the sourcing process to combat volatility and rising costs.

Rebalancing footprint: Brands are looking to diversify their sourcing bases to mitigate risk and improve speed and agility. Nearshoring is gaining traction, but challenges remain.

Strategic supplier relationships: Brands are forging deeper, long-term partnerships with suppliers to improve planning, resilience, and efficiency.

Sustainability: Sustainability is a growing priority, with brands working with suppliers to meet environmental and social responsibility goals. Data transparency is crucial for effective sustainability efforts.

Digitalization: Brands are embracing digital tools like 3D modelling and data analytics to improve decision-making, transparency, and efficiency.

To move ahead brands need to adopt certain strategies. To begin with they need to utilize data-driven strategies to establish sustainable sourcing goals that deliver economic value. Collaborate with suppliers for value-backed sourcing, material innovation, and cost optimization. Engage in transparent price discussions with suppliers using cost analysis tools. And build strong, mutually beneficial relationships with suppliers through value-sharing models and joint planning.

As the apparel industry transforms brands along with suppliers need to adopt new strategies, prioritize collaboration, and leverage digital solutions to build a more resilient and sustainable future.

Source: fashionatingworld.com– May 28, 2024

HOME

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Australian retail turnover sees modest rise in April 2024

Australian retail turnover experienced a modest increase of 0.1 per cent in April 2024, according to seasonally adjusted figures released by the Australian Bureau of Statistics (ABS) today. This follows a 0.4 per cent decline in March 2024 and a 0.2 per cent rise in February 2024.

Clothing, footwear, and personal accessory retailing saw a significant drop of 0.7 per cent, amounting to a decrease of $19.5 million in seasonally adjusted terms. In contrast, most non-food related industries experienced growth in April.

Other retailing categories led the gains with a 1.6 per cent rise, followed by household goods retailing, which increased by 0.7 per cent, and department stores, which saw a modest rise of 0.1 per cent, as per ABS.

Retail turnover growth was also uneven across different regions of the country. New South Wales recorded the largest increase with a 0.7 per cent rise, while South Australia followed with a 0.5 per cent increase.

"Underlying retail spending continues to be weak with a small rise in turnover in April not enough to make up for a fall in March. Since the start of 2024, trend retail turnover has been flat as cautious consumers reduce their discretionary spending," said Ben Dorber, ABS head of retail statistics.

Source: fibre2fashion.com– May 28, 2024

HOME

****

700 items get Ghana's rules of origin credential to trade under AfCFTA

Seven hundred products have received rules of origin certification to be traded under the African Continental Free Trade Area (AfCFTA) rules, Ghana's minister of trade and industry Kobina Tahir Hammond recently announced.

"In our determined effort to take advantage of the AfCFTA Guided Trade Initiative, the government facilitated exploratory market expedition missions to Kenya, involving 63 companies, and to Tanzania, involving 52 companies. As a result, a total of 700 products have received rules of origin certification to trade under AfCFTA," Hammond stated.

He announced this at the launch of the 3rd edition of the Made in Ghana Food Bazaar, themed 'Promoting Made-in-Ghana Goods and Services for Economic Prosperity'. Highlighting the progress of the One District One Factory (1D1F) initiative, with 321 projects at various stages of implementation, the minister said of these, 169 factories are operational, employing 169,870 and contributing to import substitution and export diversification.

Over three-fifths of the companies under the 1D1F initiative are converting local raw materials into products in collaboration with domestic suppliers. This initiative is significantly boosting the range of Made in Ghana products in both domestic and export markets, he said. He stressed the need to support domestic businesses and artisans, strengthening the local economy and preserving productive sectors for future generations, domestic media outlets reported.

Deputy minister for foreign affairs and regional integration Mavis Nkansah-Boadu said over 70 per cent of indigenous products are passing international quality assessments. She encouraged the private sector, particularly small and medium enterprises, to take advantage of the AfCFTA and invest in standardisation, certification, technology and innovation to build a mark of integrity for Ghanaian products and ensure they meet international standards.

Source: fibre2fashion.com– May 28, 2024

HOME

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Sri Lanka's central bank holds policy interest rates at current levels

The monetary policy board of the Central Bank of Sri Lanka yesterday decided to maintain its standing deposit facility rate (SDFR) and the standing lending facility rate (SLFR) at their current levels of 8.50 per cent and 9.50 per cent respectively to maintain inflation at the targeted level of 5 per cent over the medium term.

The board felt the need for a further reduction in market lending interest rates in line with policy interest rates and other benchmark interest rates, which is imperative for the easing of domestic monetary conditions and domestic economic recovery, a press release from the central bank said.

Headline inflation, as measured by the year-on-year (YoY) change in the Colombo consumer price index, rose to 1.5 per cent in April this year compared to 0.9 per cent in March, mainly due to an acceleration in non-food inflation. However, on a month-on-month basis, both food and non-food prices declined.

Core inflation, which reflects underlying demand pressures in the economy, also remained at subdued levels reflecting low demand pressures in the economy.

The yields on government securities continued to decline, further aligning with the current level of policy interest rates.

With the decline in average deposit interest rates in the banking sector in recent months along with the moderation of benchmark interest rates, further space has been created for overall lending interest rates to adjust downwards in the period ahead, the central bank release noted.

Flows of credit to the private sector have recorded only a marginal expansion thus far during the year, in spite of the notable monetary policy easing and the improvement in overall liquidity conditions.

A further reduction in retail lending interest rates could facilitate the pickup in private sector credit, thereby supporting the ongoing recovery of economic activity, it said.

As domestic economic activity gathered momentum in recent months, the cumulative merchandise trade deficit is expected to have widened during the four months ending April 2024 compared to the same period in 2023, it added.

Source: fibre2fashion.com– May 28, 2024

HOME

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China & Nepal reopen traditional border trade point

After a four-year hiatus, the traditional border trade point between China and Nepal in Shigatse, Xizang autonomous region, has officially reopened, marking a significant milestone in the economic partnership between the two countries. The reopening occurred over the weekend and was celebrated with a ceremony in the town of Chentang, Dinggye county, Shigatse.

At the Chentang Traditional Border Trade Point, 110 Chinese merchants and 47 Nepalese merchants conducted transactions involving over 50 types of goods. The reopening was formally announced by Silang Nima, deputy chairman of the autonomous region, and Narayan Kaji Shrestha, Nepal's deputy prime minister and foreign minister.

"We will steadfastly implement the Chinese government's friendly policies toward Nepal, continue to pursue an open strategy of mutual benefit and win-win cooperation, and deepen practical cooperation in areas such as border trade infrastructure construction, customs clearance capacity enhancement and project implementation to continuously create a bright future for China-Nepal relations," said Chinese media reports quoting Silang Nima.

The event was attended by government officials, leaders from both nations, and over 300 local residents, highlighting the importance of the occasion.

Additionally, other traditional trade points between China and Nepal in Shigatse, including those in Mayum (Drongba county), Tubarong (Saga county), Zonga (Gyirong county), Zhashigang (Nyalam county), Rongshar (Dingri county), and Ri'og (Dinggye county), also reopened.

Source: fibre2fashion.com– May 29, 2024

HOME

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Vietnam's industrial sector recovering, ministry assessment reveals

Vietnam's industrial production is displaying signs of recovery and growth despite persistent challenges, according to the Ministry of Industry and Trade's assessment. The ministry anticipates a significant improvement in the business outlook for industry players in the coming months, driven by rising global demand and supportive government measures.

Reports from the ministry revealed a 6 per cent increase in the index of industrial production from January to April compared to the same period last year even if the manufacturing and processing sector, in particular, expanded by 6.3 per cent, contributing 5.5 percentage points to the overall growth.

This positive trend is attributed to several factors, including effective government support measures, increased foreign direct investment (FDI) inflows enhancing domestic production capacity, the global market's gradual recovery and adaptation to disruptions in 2022 and 2023, and a surge in new export orders. Furthermore, the capacity of enterprises, especially domestic ones, has strengthened, buoyed by a stable macroeconomic environment and the global market's recovery trajectory.

Dao Phan Long, chairman of the Vietnam Association of Mechanical Industry, emphasised that the ongoing efforts of developed nations to diversify supply sources, supply chains, and investments will position Vietnam as a significant production and export hub in the global value chain. However, the global economic outlook for 2024 forecasts weak growth, high inflation, and geopolitical tensions across regions even as Vietnam's participation in multiple free trade agreements and its open economy expose it to potential negative impacts from these risks.

The ministry pledged to expedite public investment disbursement and address pending issues to promptly operationalise key projects in electricity, oil and gas, manufacturing, processing, and mining sectors.
This initiative aims to enhance market capacity for business development swiftly.

Source: fibre2fashion.com– May 28, 2024

HOME

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Indonesia's Industry Ministry expresses concerns over rising TPT imports

Ministry of Industry (Kemenperin) has expressed concerns regarding the influx of imported goods in the textile and textile product (TPT) industry in Indonesia. This influx follows the relaxation of prohibitions and restrictions (lartas) under Permendag Number 8 of 2024, which no longer enforces technical considerations (Pertek).

Players in the TPT industry also lament over the lack of lartas on imported goods similar to those they produce, says Adie Rochmanto Pandiangan, Director - Textile, Skin, and Footwear Industry.

Currently performing at an expansive level, the TPT industry in Indonesia is showing positive growth, notes Adie. Data from the Central Statistics Agency (BPS) indicates the textile and clothing industry sub-sector grew by 2.64 per cent Y-o-Y in Q1, FY24.

During the same period, demand for textile products from foreign importers rose by 7.34 per cent while the demand for finished clothes grew by 3.08 per cent Y-o-Y. The contribution of the TPT industry could, however be impacted by the elimination of Pertek, which would, in turn, directly impact the sector's sustainability.

Highlighting the concerns of the small and medium industry players, Nandi Herdiaman, Chairman, Bandung Connection Entrepreneurs Association (IPKB), says, the market might be soon flooded with imported products.

Echoeing these sentiments, Redma Gita Wirawatasta, General Chairperson of the Indonesian

Filament Yarn and Benang Producers Association (APSyFI), states, import control measures have become ineffective due to the relaxation of regulations. The association initially welcomed the Ministry of Trade's steps to control imports through Permendag Number 36 of 2023. Socialised since December 2023 and effective March 10, 2024, the regulation aimed to control imports. However, the containers continued to accumulate due to non-application of approval permits by rogue importers, he adds.

Approximately 26,000 containers are reported stuck. Around 85 per cent of these belong to traders while the remaining 15 per cent are intended for manufacturing. The absence of regulations controlling imports can affect the investment climate and development of the domestic textile industry, impacting employment levels, Wirawasta adds further.

Despite these challenges, however, the growth of the textile and clothing industry can be optimised by preventing the consumption of used clothing (thrifting) and improving market supervision in line with applicable regulations for imported goods, affirms the Ministry of Industry.

Source: fashionatingworld.com– May 28, 2024

HOME

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Pakistan witnesses partial initiation of new cotton ginning season

Pakistan is witnessing a partial initiation of a new cotton ginning season, with one ginning unit becoming operational in both Sindh and Punjab. The state is likely to witness the commencing of more units in the coming days.

Partial cotton picking has started in some coastal areas of Sindh and southern Punjab, as per reports. There is a gradual increase in the arrival of raw cotton in the market, though the volume remains significantly lower compared to the same period last year. Currently, one ginning unit is operational in Hyderabad and another in Burewala, Punjab.

Cotton picking is gaining traction in lower Sindh, with rates ranging between Rs 9,500 and Rs 10,700 per 40 kg. However, high temperatures are hindering efforts to sow cotton, and textile mills have blocked payments worth billions of rupees, citing a financial crisis in the sector.

A recent meeting between the Pakistan Cotton Ginners Association (PCGA) and the All-Pakistan Textile Mills Association (APTMA) was limited to exchanging suggestions for improving the current situation. Abid Zaidi, a cotton expert, criticised the APTMA leadership for their lack of seriousness. He noted that ginners complained about textile mills importing cotton at higher prices while refusing to pay better rates for premium quality local lint. Zaidi also highlighted that up to 8 per cent of non-lint content in local cotton is accepted, a practice not seen in other countries, and urged textile mills to enhance the quality of lint.

The Karachi Cotton Association's spot rate committee maintained the spot rate at Rs 19,700 per bale. Naseem Usman, Chairman, Karachi Cotton Brokers Forum, noted a rising trend in international cotton rates, with New York market futures trading at 80.52 cents per pound.

Ihsanul Haq, Chairman, Cotton Ginners Forum, states, adverse weather conditions have impacted cotton cultivation this season. Early sowing was disrupted by severe cold in February and March in coastal Sindh, while high temperatures are currently affecting crop growth in major cotton zones of Punjab and Sindh, including Rahim Yar Khan, Bahawalpur, Bahawalnagar, Dera Ghazi Khan, Rajanpur, Multan, Sahiwal, Ghotki, Sukkur, Khairpur Mirs, and Nawabshah districts.

Haq also mentioned that the Punjab government recently announced plans to build a 1,000-acre garment city near Lahore, aimed at providing facilities for local and foreign investors to establish new textile mills. He suggested that instead of this initiative, the government should allocate funds to reactivate the 50 to 60 per cent of textile mills in the province that are currently inactive due to various reasons.

Source: fashionatingworld.com– May 28, 2024

HOME

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Bangladesh: FDI slips but stays above $3b

Foreign direct investments to Bangladesh snapped its rising trend in 2023, highlighting the nervousness outside investors face in pumping money into a country whose foreign exchange regime is experiencing one of its worst periods in recent times.

Central bank data showed yesterday that Bangladesh received $3.004 billion in FDI last year, a decrease of 14 percent from $3.5 billion in 2022. Inflows of equity capital, which refers to investors' purchase of shares of an enterprise in a country other than their own, plummeted 31 percent to $705.83 million from $1.14 billion in 2022.

Reinvested earnings, which happen when a company ploughs back its profits instead of repatriating, declined 12.1 percent to $2.21 billion. Intra-company loans, however, rose to $88.91 million from a negative $57.65 million in 2022.

M Masrur Reaz, chairman of the Policy Exchange Bangladesh, a think-tank, said the drop is disappointing.

"And it comes at a time when the country needs foreign currencies to ride out the macroeconomic challenges that have persisted for the past two years. This is even more important when FDI-led diversification of the economy is needed."

He, however, said the decline is not surprising. "This is because our capabilities in attracting FDIs have not increased in line with our economic success and the economy's growing strength."

Reaz also said there is also a lack of targeted strategies and promotion to bring in foreign investments.

"Weaknesses in business climate, the trade policy, in the logistics sector and the outdated regulatory framework also did not help."

The former economist of the International Finance Corporation said FDI has been the clear victim of the macroeconomic challenges.

"When there is volatility in the exchange rate, a fall in foreign currency reserves, import compressions and production disruption, foreign investors don't feel encouraged in investing in a country."

The reserves slipped below the $19-billion mark earlier this month owing to elevated global commodity prices, supply disruptions, a slowdown in external demand, and a shift in remittances back to informal channels. It was $40.7 billion in August 2021.

This forced the central bank to limit imports of luxury and non-essential goods. The taka has lost its value by 35 percent against the US dollar in the past two years.

In 2023, gross FDI inflows were $3.97 billion, recording a decrease of 17.8 percent compared to 2022. The trend has continued in 2024.

The gross inflows, which include capital repatriation, reverse investment, loans to parents, and repayments of intra-company loans to parents, fell 4.92 percent to $3.21 billion in July-March of the current financial year, according to the Metropolitan Chamber of Commerce and Industry.

The fall in the FDI explains why the financial account, a key component of the balance of payments, has been stuck in deficit for a long time.
The financial account covers claims related to FDI, medium and long-term loans, trade credits, net aid flows, portfolio investments, and reserve assets.

The deficit in the financial account stood at $9.25 billion in July-March of 2023-24, according to the BB.

Bangladesh received the highest net FDI from the United Kingdom, which channelled $613.93 million, or 20.4 percent of the total.

Some $366.96 million came from the Netherlands, $314.9 million from the United States, $259.54 million from China, $181.43 million from South Korea, and $176.87 million from Norway.

In 2023, the manufacturing sector attracted the maximum net FDI, bringing in $1.26 billion. The power, gas and petroleum sector came second with an inflow of $581.27 million.

The trade and commerce sector received $551.97 million, the transport, storage and communication sector got $290.11 million, and the services brought in $208.52 million.

FDI stock in Bangladesh was $20.55 billion at the end of 2023, down 5.1 percent from a year prior, BB data showed. It also fell in 2022, the first decline in 19 years.

Zaved Akhtar, president of the Foreign Investors' Chamber of Commerce & Industry, said there are a few provisions in the current tax regime that are creating an unfair tax burden on businesses. Such rules are adversely impacting the growth of investment and FDI.

This can be best illustrated by how treating disregarded expenses as separate taxable income imposes an unjust additional tax liability on businesses, thereby raising their operational costs, he said.

This is particularly problematic because it undermines efforts to cultivate a business-friendly environment, he said.

Moreover, the FICCI chief says, the taxes are considered as deducted or collected and the minimum tax can't be carried forward or refunded, further complicating the tax framework.
"Reforming such unfavourable rules is crucial to lessen the financial burden on businesses, which will in turn stimulate investment, and foster a more supportive business climate."

Masrur Reaz urged the government to come up with a mid-term and long-term plan to attract a higher volume of FDIs.

Source: thedailystar.net– May 29, 2024

HOME

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NATIONAL NEWS

Commerce Department fine tuning strategy for negotiating FTAs

The Commerce Department is working on finetuning the strategy and position to be adopted for negotiating free trade agreements (FTAs), including tackling of contemporary issues such as labour, environment and gender, to have optimum results.

Ways to leverage India's FTAs to address emerging areas such as the EU's Carbon Border Adjustment Mechanism, supply chain disruptions, accessing critical minerals and benefitting from Artificial Intelligence was also discussed at the recent `Chintan Shivir' on `FTA Strategy and Standard Operating Procedures (SOP) for Trade Negotiations' organised by the Commerce Department, per an official statement issued on Tuesday.

A session with former Secretaries and Ambassadors on `FTA strategy' highlighted how Indian FTAs must be driven by balancing geopolitics and geoeconomics, and focused on how regionalism (regional trade agreements) should complement multilateralism (global trade agreements).

"The roundtable identified FTAs should foster value chain development, and the importance of integrating non-trade issues (such as trade and sustainable development or TSD) crucial for market access, as seen in chapters negotiated with, for example the EFTA bloc," the statement noted.

Consultations

It was also pointed out at the session that effective stakeholder consultations ensure realistic and attainable goals and a balanced approach to trade and industrial policies could optimise trade negotiations and outcomes.

Senior government officials involved in India's FTA negotiations from various Ministries, Departments, and government agencies participated in the programme. Speakers included experts in FTA negotiations, academicians, and seasoned legal professionals, apart from government officials.

The participants also discussed how negotiating investment and trade together can create synergies, and the need for careful consideration of trade and the industrial policies together.

The session on `inclusion of new disciplines into FTAs' dealt with the implications of new areas such as TSD (including environment, labour, gender, indigenous peoples) in trade agreements; the issues involved in enforcing domestic laws and ratifying international treaties; different approaches followed by developed countries for these areas (US and EU models) and the challenges involved in defining policy space, law enforcement, civil society involvement.

" Some of the solutions suggested by participants included constructive engagement with stakeholders, supporting identification of measures and possible way out, and exploring pilot projects for implementation of those commitments," according to the statement.

India is in the midst of negotiating a number of ambitious FTAs including ones with the UK, the EU and Australia.

Source: thehindubusinessline.com– May 28, 2024

HOME

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FTA benefits elude India

A free-trade agreement (FTA) is a pact between countries to make trade easier by reducing tariffs and other barriers on imports from each other. Globally, over 350 FTAs are currently in force.

Over the past four years, India has signed FTAs with Mauritius, the UAE, Australia, and the European Free Trade Association, or EFTA, countries (Switzerland, Norway, Iceland, and Liechtenstein). Agreements with the UK and Oman are nearly finalised.

India has a total of 14 trade agreements with 25 countries and is negotiating new deals with over 50 countries, including the European Union (EU) and the US-led Indo-Pacific Economic Framework. Additionally, India has six smaller trade agreements with 26 other countries. Soon, India will have FTAs with all major economies except China. However, India and China do have limited tariff concessions on about 25 per cent of tariff lines under the Asia-Pacific Trade Agreement.

From financial year (FY) 2019 to FY2024, India's exports to its 21 FTA partners grew by 14.48 per cent, from $107.20 billion to $122.72 billion. Imports increased by 37.97 per cent, from $136.20 billion to $187.92 billion. These FTA partners include six South Asian Free Trade Area (Safta) countries (including Sri Lanka), 10 Association of Southeast Asian Nations (Asean) countries, and Japan, South Korea, the UAE, Mauritius, and Australia.

To understand how FTAs have performed and whether they benefit India, we analysed the performance of India's FTAs with Asean, South Korea, and Japan. Signed in 2010-11, these agreements are considered the most critical by Indian industry. We did not study FTAs with Mauritius, the UAE, Australia, and EFTA as these agreements are less than five years old and the tariff reduction process for most products is ongoing.

In the absence of specific preferential trade data, we included all trade from an FTA partner, even though some of it may not have used FTA concessions

Our analysis of India's FTAs with Asean, South Korea, and Japan reveals two trends. First, India's merchandise trade deficit with these partners increased significantly more than its global trade deficit. Specifically, trade

deficits grew by 302.9 per cent with Asean, 164.1 per cent with South Korea, and 138.2 per cent with Japan, compared to an 81.2 per cent increase in the global deficit. This comparison is based on pre-FTA (2007-09) data and recent trade data (2020-22). The trend continued in 2023.

Second, India's exports to these FTA partners have increased at a lower rate than its imports. For instance, with Asean, exports grew by 123.9 per cent and imports by 175.7 per cent; with Japan, exports grew by 56.4 per cent and imports by 98.5 per cent; and with South Korea, exports increased by 89.1 per cent and imports by 127.3 per cent.

India's high tariffs (most-favoured nation or MFN tariffs) and the low tariffs in partner countries are key reasons for its low exports and high imports with these partners. MFN tariffs are the regular tariffs a country charges on imports, often eliminated for partner countries under FTAs.

Many Indian firms avoid using FTAs because the compliance costs outweigh the benefits as partner countries already have low or zero MFN tariffs. The average MFN tariffs on Indian products in partner countries are very low: Singapore (0 per cent), Japan (2.4 per cent), Malaysia (3.5 per cent), Mauritius (1.1 per cent), the UAE (3.5 per cent), and Australia (2.6 per cent). This limits the benefits of FTAs for Indian exporters. In contrast, India's average MFN tariff is high at 18.1 per cent, so eliminating these tariffs under an FTA gives partner country exporters a significant price advantage.

This pattern continues with India's new FTA partners. Also, a substantial share of imports into these countries is already at zero MFN duties: Canada (70.8 per cent), Switzerland (61 per cent), USA (58.7 per cent), UK (52 per cent), and EU (51.8 per cent). In contrast, only 6.1 per cent of India's global imports are at zero MFN duty. Given these factors, India may not see a significant export increase, while partner countries could benefit more from the FTAs with India.

Negotiating new subjects: New trade agreements typically include two types of measures. Border measures involve eliminating import tariffs on products from partner countries. Behind-the-border measures deal with harmonising domestic regulations in areas such as the environment, labour, intellectual property rights, digital trade, and gender. Developed countries push for the inclusion of these subjects in FTA negotiations.

While high environmental standards are beneficial, adopting the US or EU standards in India could raise the cost of power and food, halting many economic activities. Similarly, agreeing to high minimum wages could lead to higher product prices and hurt exports. Adopting more restrictive standards for medicines than those agreed upon at the WTO will raise medicine prices.

There are other concerns. One, allowing UK or EU companies to participate in government procurement through FTAs would create competition for small domestic firms. In contrast, government procurement markets in the EU and UK are restrictive and complex for Indian firms to access. Also, stricter sustainability standards in the FTA with the UK may prevent Indian apparel from qualifying for tariff concessions.

These subjects are new non-trade barriers pushed by developed countries. India should establish its rules for labour, gender, environment, and digital trade before committing to FTAs. India is not only negotiating new FTAs but also reviewing and expanding existing ones with Sri Lanka, Asean, Japan, Korea, Malaysia, Chile, and Mercosur (Argentina, Brazil, Uruguay, Paraguay). High priority is given to the review of its FTA with Asean.

An important area for renegotiation in the Asean FTA would be agreement on product-specific rules of origin. When the FTA was signed in 2010, detailed rules were not negotiated due to a lack of time, and one common rule for all products was adopted. This makes trade in many products unviable.

To achieve better FTA outcomes, the government may consider the following strategies in negotiations: Create a common exclusion list for merchandise trade, focus on sector-specific agreements with smaller economies instead of comprehensive FTAs, prioritise achieving real market access on the ground, negotiate new areas like environment, labour, and digital trade cautiously to maintain domestic regulatory autonomy, and account for the impact of carbon taxes and regulations like the Carbon Border Adjustment Mechanism.

Despite having zero duty trade on most industrial products with Asean, Japan, and South Korea for over a decade, India hasn't become a major part of Asian supply chains. The main reasons are the long time it takes to

clear goods at ports and the low ease of doing business. Improving these areas will quickly boost India's exports and the benefits of its FTAs.

Source: business-standard.com– May 28, 2024

HOME

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India major gainer of China+1, exports to soar to $835 billion by 2030: Nomura

New Delhi: India and Vietnam are gaining the most from the China plus one strategy, which is also expected to unlock new growth opportunities for Asian economies, according to Nomura.

India's exports will likely surge to $835 billion by 2030 from $431 billion in 2023 with its large domestic market helping attract firms looking for supply chain alternatives to China, Nomura said in a report on Tuesday.

"Firms in electronics, apparel & toys, automobile & components, capital goods and semiconductor manufacturing are looking to invest in India. Given India's large domestic consumer market, firms setting up shop in India are attracted also because of the captive domestic market," Nomura said, predicting a 10% annual growth over the period.

The global research firm expects electronics to become the fastest-growing sector, clocking a compound annual growth rate of 24% in exports, with value nearly tripling to $83 billion by 2030. Machinery exports will more than double to $61 billion by 2030 from $28 billion in 2023.

"We believe the low production linked incentive (PLI) disbursements are not a good reflection of India's potential on global value chain integration. Its large market size, faster growth, lower labour cost and political and economic stability make it an attractive investment destination for consumer goods production to both cater to domestic demand and also for exports," Nomura said, expecting India's share of global trade to rise to 2.8% by 2030.

Nomura pointed out that competitiveness of Indian production is also likely to help accelerate exports and improve the country's trade balance and current account. "This points to a structural case for currency appreciation," it said.

Nomura's survey of 130 enterprises also showed a growing interest for India and Vietnam.

"A majority of the investment into India are from US-based companies, especially in the electronics sector. Japan and Korea are also investing in India's auto, consumer durable and electronics sectors to take advantage

of the growing domestic demand and to use it as a manufacturing base," Nomura said.

It added that strengthening of India's manufacturing sector and its growing share in exports will help the corporate sector to sustain 12-17% earnings growth over the medium term.

Source: economictimes.com– May 28, 2024

HOME

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Fashioning an ethical, sustainable garment industry

The fast fashion market is projected to reach $184.96 billion by 2027 from $122.98 billion in 2023, a CAGR of 10.7 per cent.

This multi-faceted industry focuses on production of low quality, inexpensive, affordable clothing and is well-suited for a price conscious consumer with a taste for trendy apparel. However, one cannot turn a blind eye to fast fashion's innumerable ethical and environmental concerns.

This industry has been often criticised for excessive consumption, high obsolescence, cumulative resource loss, and unsustainable and unethical business practices.

Well over 11 years have passed since the unfortunate incident in late April 2013 at the Rana Plaza garment manufacturing factory which resulted in a death of 1,134 people. The incident shed light on the precarious working conditions of workers.

Known for overproduction, fast fashion companies are often stuck with a mountain of unsold inventory often leading to apparel being sold at a 40 per cent markdown or ending up in landfills. The sad part being an alarming 92 million tonnes of textile waste, equivalent to a truck full ends up in landfills every second (UNEP, 2018).

This industry has been called out for 8-10 per cent of global carbon emissions (UNEP, 2018) and if not curtailed it could increase to 26 per cent by 2030 (Ellen Mc Arthur Foundation, 2017).

However, not everything is bleak. The fast fashion industry has been pushed to producing clothing with more environmentally friendly material and adopt sustainable practices such as implementing a recycling programme, launching a "conscious" collection wherein the apparel is produced with at least "50 per cent sustainable materials" and embracing company policies that respect labour and labour rights.

These brands should also create advertising campaigns that encourage ethical and conscientious consumption patterns.

Circular strategy

A circular business strategy can effectively complete the manufacturing cycle by prioritising lifespan and minimising waste. Recycling, reusing, swapping garments, giving, thrifting, and buying second-hand are all integral components of the circular economic model.

With consumers changing their mindset, although at an alarmingly slow rate, the sustainable and ethical fashion market and slow fashion industry is once again gaining limelight. Slow fashion, a road towards a more environmentally friendly future, is about buying ethically produced sustainable garments and is a mind-set change away from following fads and valuing practicality, quality, timeless beauty, and ethical manufacturing.

More importantly, governments around the world are rapidly recognising the importance of taking a more proactive role in tackling the fashion industry's detrimental impact.

The EU in December 2023 announced new rules based on the 2022 EU Strategy for Sustainable and Circular Textiles. The EU's Extended Producer Responsibility (EPR) programme focuses on encouraging manufacturers to embrace sustainable and circular concepts.

Last but not the least, it is imperative that we ensure that fast fashion brands employ sustainable and ethical production practices which extend beyond financial concerns and contribute to the well-being of society, workers and the environment.

Providing better wages and prioritizing the employees well-being, utilizing eco-friendly raw materials and sustainable packaging options, building a transparent supply chain, minimizing waste and focusing on animal welfare will help construct a conscientious and responsible fashion industry. This would help build consumer trust and loyalty toward an ethical fashion brand.

Source: thehindubusinessline.com– May 28, 2024

HOME

****

Creating an Export Development Fund is crucial for the MSME ecosystem: FIEO's Ashwini Kumar

Talking about how the size of market development funds (MDA and MAI) is only Rs 300 crore per annum, Ashwini Kumar, President, Federation of Indian Export Organisations (FIEO) stated that the current schemes have grossly inadequate budgets which are unable to give MSMEs sufficient marketing exposure. “It is not possible to market India’s exports of $900 billion with Rs 300 crore. It is important to come up with a planned scheme for an Export Development Fund,” he stated on the sidelines of an event in the capital.

Kumar highlighted that a budgetary support equivalent to 1% of preceding year’s export in Indian rupee should be made available every year through the budget grant to the Department of Commerce. “This would be necessary to take Indian exports from $778 billion in 2023-24 to $2000 billion by 2029-30,” he said, adding that FIEO puts focus on aggressive marketing for visibility of our products and services.

The fund, he stated, must be designed to assist the MSME ecosystem, exporters and industry associations in undertaking export promotional activities.

Delving further on export competitiveness for India, Kumar said R&D support is key to sustained exports growth. “R&D is an integral part of industry and a key factor for enabling manufacturing and innovation in India which is vital for exports in all sectors particularly in knowledge-based sectors such as Pharmaceutical, Bio-Technology, Electronics, IT, Aviation, Automobiles, high-end engineering and the like,” he emphasised.

India's spending on R&D (less than 1% of GDP) is well below that in major nations such as China (2.43% of GDP), the US (3.46% of GDP), Korea (4.93% of GDP) and Israel (5.56% of GDP), the industry body noted.

Taking note of recent trade developments and the disruptions in supply chain, Kumar said the Red Sea crisis is creating a challenging situation for Indian exporters. “Sea freights have increased significantly though on some routes, rates are stabilising. The longer routes caused by re-routing also mean extended shipping times. This has led to disrupt delivery schedules and lead to spoilage of perishable goods,” he said.

The escalating costs in both sea and air freight costs, he added, makes Indian exports more expensive for foreign buyers. “This can hurt India's competitiveness in the global market. We have lost a few orders due to high freight rates particularly in metal and commodities,” Kumar highlighted.

Despite such challenges, the FIEO President was bullish about the outlook ahead for exports. “A lot of opportunities are opening for India everyday. We have a great chance to double our exports,” he said.

In its export outlook for FY25 earlier in May, FIEO had stated that it expected merchandise exports to reach $500-510 billion and exports in services to reach approximately $390-$400 billion. Technology driven sectors of exports such as machinery, electrical and electronic, auto mobile, pharma, biotechnology are also seeing an uptick, it added.

Source: economictimes.com– May 29, 2024

HOME

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Battleground 2024: Ludhiana's textile industry wants govt to stitch up FTAs

Ludhiana's textile industry is navigating through a sea of challenges, adapting to a new normal of subdued demand, while pinning its hopes on governmental support for the establishment of a mega textile park and the signing of free trade agreements (FTAs) with developed economies.

The past eight years have been a rollercoaster ride for this labour-intensive industry. All this began with demonetisation in 2016, followed by the introduction of a revamped indirect tax regime – goods and services tax — in 2017. The Covid-19 pandemic in 2020 added to the woes, and the geopolitical tensions since 2022 have led to high inflation and recessionary trends in the West, impacting demand.

Vinod Thapar, president of Knitwear Club, an apparel industry association, stresses the urgent need for a mega textile park in Ludhiana. He believes that such a park, akin to those in China, could be a game-changer, creating thousands of jobs and reviving the industry. "We need the government's intervention on this at the earliest. Discussions on setting up a textile park have been going for the past two-three years and there has been delay due to unavailability of adequate land," Thapar says.

However, the road to recovery won't be without obstacles. The Indian textile industry faces stiff competition from several countries in the region, such as China, Bangladesh, Sri Lanka, Vietnam, and even Pakistan.

The industry is eagerly awaiting the signing of FTAs with the United Kingdom and the European Union. India has been losing ground to competitors like Bangladesh and Vietnam, which enjoy lower duty benefits.

Amit Jain, managing director of Shingora Textiles, suggests a shift towards value-added textiles as a potential growth driver. He warns that relying solely on low-cost production may not be sustainable in the long run, as "new-age FTAs negotiated with developed economies require commitments on labour and sustainability".

The implementation of quality control orders (QCOs) by the Centre has also raised concerns, particularly among smaller players in the industry. These non-tariff barriers aim to prevent the import of low-quality

products and strengthen India's position in the supply chain. However, some industry executives argue that QCOs should be imposed judiciously, after consultations with stakeholders, and not disrupt domestic businesses.

"QCOs need to be imposed on products that are equally available in India. The government cannot stop the import of certain raw materials... (more so when) the local seller's quality is not up to mark. Such a hasty implementation of QCOs end up benefiting large Indian companies," argues a senior industry executive.

Businesses in Ludhiana, Punjab's largest industrial hub, say the city is in dire need of improved connectivity. The nearest airport is in Chandigarh, about 100 km away. Industry insiders also stress the need for a world-class exhibition-cum-convention centre in Ludhiana to boost industrial growth. "These things are crucial if you want industrial growth," underscores the executive cited above.

While some of these issues need to be addressed at the Centre's level, Ludhiana's textile industry is hopeful that the state government will consider its demand for a mega textile park and an exhibition-cum-convention centre.

In the political arena, Ludhiana, which votes on June 1 in the final phase of the Lok Sabha election, is witnessing a fierce contest between candidates from the Congress, the Aam Aadmi Party, and the Bharatiya Janata Party.

While those in the poll fray in Ludhiana haven't made textile industry-specific promises, BJP candidate

Ravneet Singh Bittu, who won the 2019 polls on a Congress ticket, has promised an exhibition-cum-convention centre in the city. Amrinder Singh Raja Warring of the Congress and Ashok Parashar Pappi of the AAP are the main challengers this time.

According to industry insiders, Prime Minister Narendra Modi remains highly popular and the Lok Sabha elections will test the AAP, which swept the Punjab Assembly polls in 2022.

“The Lok Sabha elections will be a reality check for the AAP,” says one of them. “Although the BJP is unlikely to lead in the rural areas because of anger among farmers, a large chunk of the urban (non-Hindu) votes in this constituency may go to the BJP.”

Punjab is witnessing a four-cornered battle in the 2024 polls, a first in nearly three decades. This election will also mark the first time that the BJP is contesting independently, following the end of its alliance with the Shiromani Akali Dal (SAD) in 2021 over the now-repealed farm laws. Similarly, the Congress and the AAP are also contesting separately in Punjab, despite forming an alliance at the national level.

Source: business-standard.com– May 28, 2024

HOME

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