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INTERNATIONAL NEWS

How China pulled so far ahead on industrial policy

In the 1970s, President Jimmy Carter placed solar panels on the roof of the White House as a symbol of his commitment to developing energy from the sun. In the 1990s, Japan offered homeowners groundbreaking subsidies to install photovoltaic panels. And in the 2000s, Germany developed an innovative program that guaranteed consumers who adopted a solar energy system that they would sell their electricity at a profit.

But no country has come close to matching the scale and tenacity of China's support. The proof is in the production: In 2022, Beijing accounted for 85% of all clean-energy manufacturing investment in the world, according to the International Energy Agency.

Now the United States, Europe and other wealthy nations are trying frantically to catch up. Hoping to correct past missteps on industrial policy and learn from China's successes, they are spending huge amounts on subsidising homegrown companies while also seeking to block competing Chinese products. They have made modest inroads: Last year, the energy agency said, China's share of new clean-energy factory investment fell to 75%.

The problem for the West, though, is that China's industrial dominance is underpinned by decades of experience using the power of a one-party state to pull all the levers of government and banking, while encouraging frenetic competition among private companies. China's unrivalled production of solar panels and electric vehicles is built on an earlier cultivation of the chemical, steel, battery and electronics industries, as well as large investments in rail lines, ports and highways.

From 2017-19, it spent an extraordinary 1.7% of its gross domestic product on industrial support, more than twice the percentage of any other country, according to an analysis from the Center for Strategic and International Studies. That spending included low-cost loans from state-controlled banks and cheap land from provincial governments, with little expectation that the companies they were aiding would turn immediate profits. And it was accompanied by what the United States and other

countries have charged was China's willingness to skirt international trade agreements, engage in intellectual property theft and use forced labor.

It all combined to help put China in the position today to flood rival countries with low-cost electric cars, solar cells and lithium batteries, as consumers across the wealthy world are increasingly turning to green tech. China now controls more than 80% of worldwide production of every step of solar panel manufacturing, for example.

"There's enormous economies of scale by going big as China did," said Gregory Nemet, a professor of public policy at the University of Wisconsin who has studied the global solar industry. When the investments resulted in overcapacity, suppressing the profitability of China's companies, Beijing was willing to ride out the losses.

President Joe Biden and European leaders are determined to develop their countries' manufacturing capacity in advanced technologies like semiconductors, electric vehicles and batteries, in part by adopting some of China's tactics to nurture industries.

China's rise to dominate key global manufacturing sectors showed the potential and power of national industrial policy, said Jennifer Harris, a former Biden aide who now leads the Economy and Society Initiative at the William and Flora Hewlett Foundation.

"Was it wasteful? Absolutely," she said. "Was it successful? Absolutely."

Biden and the heads of European governments, are more willing to call out Beijing for what they say are illegal practices like purposefully subsidising excess production and then dumping underpriced goods on other countries.

Beijing denies that it has violated trade rules, contending that its enormous industrial capacity is a sign of success. Xi Jinping, China's top leader, said this month that China had increased the global supply of goods and alleviated international inflation pressures, while helping the world fight climate change.

Biden said this month that he would impose tariffs of up to 100% on imports of Chinese green technologies including electric vehicles. The aim is to deny China any more of an opening in America.

European officials are expected to impose their own tariffs soon -- despite warnings from some economists and environmentalists that the measures will slow progress on meeting clean energy goals. Europe has become more worried about security issues as China has tilted its geopolitical stance toward Russia and Iran.

The West's embrace of industrial policy is a departure from the ideology of open markets and minimal government intervention that the U.S. and its allies previously championed.

Policies prompted by the 1970s energy crises were largely reversed when Ronald Reagan was elected president in 1980. Even the solar panels installed at the White House during the Carter administration were removed.

Except for certain security-related industries, the U.S. adopted the view that an unfettered market always knows best.

"If the end result was that you had to rely on other countries for key parts, that was OK," said Brad Setser, a senior fellow at the Council on Foreign Relations.

Joseph Stiglitz, an economist at Columbia University, said the U.S. had long lacked a broader industrial policy and a coordinated strategy.

"Even the Democrats were afraid to take a more aggressive government role," he said, "and I think that was obviously a big mistake with long-run consequences."

From the perspective of some Chinese economists, complaints about unfairness from the U.S. and Europe are a sign of their own governments' failures.

"The West's decision to pursue neoliberal economic policies was a strategic mistake, which led to the de-industrialisation of their economies and provided China with an opportunity," said Zheng Yongnian, a professor at Chinese University of Hong Kong.

Whatever mistakes were made, political leaders in the U.S. say they are determined not to repeat them.

Last year, the U.S. and European Union made "significant inroads" in clean energy technology, according to the International Energy Agency.

And the Biden administration's multibillion-dollar program is one of the most extensive uses of industrial policy in American history.

Biden's tariffs are a targeted escalation of an American trade offensive against China that began under former President Donald Trump. Trump imposed tariffs on imported goods from China valued at more than $350 billion a year, drawing retaliatory tariffs from Beijing. Biden has kept those tariffs, has added or increased them for clean energy and has raised new barriers to trade with Beijing, including denying China access to advanced semiconductors from the United States.

Biden's trade agenda is "very, very aggressive," said David Autor, a Massachusetts Institute of Technology economist who has extensively documented the effects of trade with China on the U.S. economy, including factory job losses.

In his view, there are critical distinctions between Biden's trade strategy and Beijing's as both nations seek to lead the clean-energy race. China was more focused on sending low-cost exports to global markets, Autor said, and preventing foreign firms from dominating China's domestic markets.

Biden, he said, is more focused on keeping out imports from China and denying China access to some key U.S. technologies, like advanced semiconductors.

At a meeting last week in Italy of the Group of 7 finance ministers, leaders from both sides of the Atlantic warned that the U.S. and Europe must coordinate their protectionism and their subsidies if they hope to catch Beijing in the race to dominate key industries.

"Overcapacity threatens the viability of firms around the world, including in emerging markets," Treasury Secretary Janet Yellen said Thursday.

"It's critical," she added, "that we and the growing numbers of countries who have identified this as a concern present a clear and united front."

Source: economictimes.com– May 29, 2024

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ICE cotton prices surge amid crop concerns & weaker US dollar

ICE cotton continued to rise on Tuesday due to crop concerns, increasing crude oil prices, and a weaker currency market. US cotton reached a new monthly high above 83 cents before settling near 82 cents. The technical short covering rally continued yesterday, but most ICE cotton contracts traded lower on Wednesday. According to trade analysts, the US cotton July contract settled 191 points higher at 82.43 cents per pound (0.453 kg). The December contract settled at 79.12 cents, up 111 points on Tuesday.

Yesterday, the dollar index traded lower, making cotton purchases cheaper for foreign buyers. Crude oil prices also recovered from low levels, settling with gains of over 3 per cent. This made the polyester value chain costlier, which was positive for cotton trade. The trading volume was 49,727 contracts, compared to 45,220 contracts cleared on Friday. Open interest started at 230,689 contracts, down 839 from Friday, marking the second decrease in the last 15 sessions. Certified stocks began the day with 193,426 bales, an increase of 621 new certified bales.

Technically, the market received good support from lower levels and the recent rally. Prices closed above the 10, 20, and 40-day moving averages for both July and December contracts, indicating strong bullish sentiment.

The market is currently focusing on weather conditions across the globe. In the US, heavy rains caused crop damage in some areas, but it is too early to predict the exact losses. Traders are waiting for the US export sales report. The markets are currently in a liquidation phase, which could lead to more erratic trading patterns.

On Wednesday, ICE cotton July 2024 traded 0.25 cents lower at 81.82 cents per pound. Cash cotton traded at 78.68 cents (up 1.91 cents), October (new crop) contract at 81.48 cents (down 0.16 cents), December 2024 contract at 78.75 cents (down 0.18 cents), March 2025 at 80.48 cents per pound (down 0.12 cents), and May 2025 at 81.68 cents (down 0.18 cents).

Source: fibre2fashion.com– May 29, 2024

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China, Japan and Korea Summit Addresses Trade Tensions

At a meeting between China, Japan and South Korea on Monday, Beijing urged its Asian trade partners to move toward "a restart and a new beginning" following more than four years without a formal three-way dialogue.

Chinese Premier Li Qiang, South Korean President Yoon Suk Yeol and Japanese Prime Minister Fumio Kishida revived the once-annual meeting and committed to improving relations against a backdrop of global economic uncertainty and geopolitical turmoil.

At the Seoul-based summit, Li praised the effort to jumpstart cooperation between the Asian superpowers, saying that he hopes to see more collaboration surrounding supply chains and a potential three-way free-trade agreement.

"Recognizing that the Republic of Korea, Japan and the People's Republic of China are neighboring countries sharing everlasting history and infinite future with significant potentials for cooperation across multiple domains," the leaders jointly said they would strive to institutionalize such discussions.

Together, they said they aim to implement mutually-beneficial projects and actions related to sustainable development, public health, science and technology and digital transformation. The countries reaffirmed a commitment to the 2030 Agenda for Sustainable Development and a movement toward net-zero emissions, as well as a desire to take "solid action" to support the climate goals laid out in the Paris agreement.

The leaders also spoke to the importance of working together to develop economic opportunities and cross-border cooperation. "We share the recognition that joint efforts in the economic and trade field among the three countries play a significant role for the prosperity and stability of the regional and global economy," they said in a statement.

They agreed that they would "continue to work to ensure a global level playing field to foster a free, open, non-discriminatory, transparent, inclusive and predictable trade and investment environment."

The meeting signaled desires across the board for greater alignment, but Premier Li also warned his counterparts from South Korea and Japan to reject external disruption to the trilateral relationship, according to Chinese state news outlet Xinhua. The admonition was a thinly veiled dig at the U.S., which is both nations' most prominent military ally.

He also exalted the benefits of globalization and encouraged the other leaders to reject protectionism, which has defined the U.S.-China relationship for years. The friendly and productive relationship the U.S. enjoys with Japan and South Korea has left China on the outs with both Asian countries, and, along with the pandemic, has contributed to the long-term lapse in the yearly meeting between the three nations.

Monday saw Li take more than a few jabs at the U.S. government, alluding indirectly to Washington's attempts to implement Asian trade "blocs" that exclude China. He also said he opposed turning economic and trade issues into "political games or security matters," Xinhua reported.

But some of tensions that plague the U.S.-China relationship have also affected China's associations with Japan. Prime Minister Kishida "reiterated that peace and stability in the Taiwan Strait is extremely important to the international community, including Japan," the Japanese Ministry of Foreign Affairs said after the summit. In response, Li called the Taiwan issue a "red line," implying that it shouldn't be crossed.

However, the three leaders reaffirmed a desire to work together to denuclearize the Korean Peninsula, despite China's status as North Korea's biggest trade partner.

Source: sourcingjournal.com– May 29, 2024

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SLCP, Fair Wear Want to Use Data to Fix Fashion's Labor Problems

Can better data drive better working conditions in the garment industry? The Social & Labor Convergence Program and the Fair Wear Foundation think so.

The two Amsterdam-based nonprofits revealed Wednesday that Fair Wear will be using the SLCP's harmonized social audit data to promote human rights due diligence implementation while minimizing the dreaded "audit fatigue" that stems from too many duplicative social compliance assessments.

This isn't your typical Memorandum of Understanding, a non-legally binding instrument that might suggest alignment on certain issues but doesn't necessarily lead to meaningful change, the organizations said. For one thing, they have been working together "behind the scenes" for the past three years, meaning that the agreement is not so much a start but a formalized "milestone," said Janet Mensink, the SLCP's CEO. For another, the SLCP and Fair Wear believe that step improvements are no longer enough. In short, it's systemic change or bust.

"Even after 25 years of talking about improving labor conditions, there is still a lot to do," Mensink said. "We have made some progress but if you look at the reality, there are still a lot of conditions that are way below minimum requirements and international labor standards."

Reliable data has become more indispensable with the rise in mandatory due diligence legislation, particularly in Europe. If the industry's biggest stakeholders don't converge, she said, "we are just busy doing all these duplicative and confusing things. You're not speaking the same language." What this also means is that everyone is frittering away time and money without addressing any underlying problems, Mensink added.

Fair Wear members, which include Armedangels, Jack Wolfskin and Vaude, already use the SLCP's Converged Assessment Framework, or CAF, which has rolled out in 11,000 facilities in more than 60 countries to "unlock" roughly $23 million in savings that can be invested in workplace improvements. The same data will now feed into Fair Wear's HRDD Facilitation Hub, a due diligence platform that brands can use to map legal reporting requirements and flag risk hotspots.

"We can use an aggregated analysis of SLCP data to show what are the most likely and severe risks in a particular country, especially for the countries where Fair Wear does not have our own teams and stakeholder network [on the ground]," said Annabel Meurs, associate director at Fair Wear. "This will allow brands to do their country risk scoping, and that then translates into the nature of the assessments that they do on the factory level."

Integrating CAF and treating it the same way Fair Wear does with its own brand assessments also triggers the "same cycle of mitigation, prevention and remediation" that both organizations can track and validate, Meurs said. The idea is to "close the loop" on due diligence so that improvements and remedies don't slip into the cracks, especially at a time when democratic spaces in sourcing countries like Bangladesh and Myanmar have shrunk to the point where they're virtually nonexistent. This, too, will be its own challenge.

Social audits have come under fire for being hurried box-checking exercises that capture specific moments in time rather than a full picture of a facility's conditions—that is, when they're not tainted by outright fraud and corruption from the get-go. Mensink and Meurs say this is why worker voice and the inclusion of employee representatives are so critical to the outcomes of their risk scoping, which the organizations have based on the OECD Due Diligence Guidance for Responsible Business Conduct framework.

"So if you know in country X or a region or a specific facility that freedom of association is not respected or there is no collective bargaining or no functioning grievance mechanism in the factory, that means your due diligence actions are different and guided by that specific risk," Meurs said. "We find that due diligence data is the most credible if it is locally owned and validated data…complemented with the perspectives of unions."

Mensink said that the SLCP has used feedback to hone the CAF, though she admits there's more work to do. She said that Fair Wear has been a "critical friend," one that continues to "keep us on our toes" to ensure that its data is credible in all aspects, including local ownership and accountability.

Serving data aside, the SLCP and Fair Wear will be working together on policy and industry engagement so that their shared pursuit of convergence is that much stronger, said Meurs, who joined the SLCP's supervisory board in January. It was with a similar imperative that Fair Wear entered a "strategic collaboration" with Cascale, the multi-stakeholder group formerly known as the Sustainable Apparel Coalition, in April. The SLCP itself spun out of Cascale in February. Where all this aligning will lead and how success will be measured are questions that still need to be answered.

Meanwhile, Mensink wants to invite other multi-stakeholder initiatives and standard holders to follow Fair Wear's example, if only to advance the needs of the collective. "Because this idea of convergence and seeking complementarity also requires that you put your [long-term] vision above the core short-term business model or strategic aims of your organization," she said.

Source: sourcingjournal.com– May 29, 2024

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Heimtextil Columbia highlights the region's potential in home textiles

The recently-concluded maiden edition of Heimtextil Colombia highlighted the region's potential in the home textiles, interior design, and hospitality sectors, with business opportunities expected to materialise in the short to medium term.

Organised under the auspices of Messe Frankfurt, the event attracted over 4,500 specialised visitors, including 1,200 national and international buyers, and 118 exhibitors. It successfully connected key players from Colombia's textile and interior design industries with leading companies from Latin America, Europe, and Asia. This first edition showcased the synergy between Colombian brands and the production expertise of manufacturers and suppliers from over 15 strategic markets. As Sebastian Diez, CEO, Inexmoda states, Heimtextil Colombia demonstrated the region's distinct value proposition and its ability to engage with a global market.

The exhibition featured innovative and sustainable solutions for home textiles, furniture, decor products, space concepts, and sensory experiences. It featured notable contributions from countries such as Argentina, Brazil, China, India, Italy, Pakistan, Singapore, Spain, and Turkey. Colombian brands from Bogotá, Medellín, Cali, and Barranquilla also made a significant impact with their distinctive designs.

Heimtextil Colombia facilitated cultural exchange, networking, and knowledge-sharing among 1,200 buyers from the Americas, Europe, and Asia. The event highlighted the national industry's potential to enhance its global competitiveness through its unique DNA, biodiversity, material diversity, quality, creativity, and strategic location.

Licensed to host Heimtextil Colombia, Inexmoda infused the event with a Latin-American flavor through initiatives like 'Creative Colombia' and 'Kitchen by Heimtextil'. 'Creative Colombia' featured proposals from 10 Colombian brands, presenting various household spaces such as bedrooms, living rooms, dining rooms, kids' rooms, and backyards. The tradeshow also highlighted the kitchen as a crucial family space, blending cooking experiences with home textiles, etiquette, and Colombian culture.

The ‘Knowledge Set’ offered 14 conferences, talks, and stands focusing on hospitality, the future of habitat and environment, sustainable business strategies, and consumer-centric product creation. Additionally, the ‘Trends Forum’ unveiled three trends for the 2024/2025 season, inspired by nature, technology, and biotechnology.

With Heimtextil Colombia, Inexmoda advances its goal of internationalising national brands and companies, exploring new categories where the Colombian identity and DNA shine.

Source: fashionatingworld.com– May 29, 2024

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G20 merchandise exports rebound in Q1 2024

The Group of Twenty (G20) merchandise exports rebounded in the first quarter (Q1) of 2024 after a decline in 2023, according to the international trade statistics released by the Organization for Economic Cooperation and Development (OECD). Compared to the fourth quarter (Q4) of 2023, exports increased by 1.9 per cent, driven by significant export growth in China. Conversely, imports contracted by 0.2 per cent, largely due to decreasing energy prices.

Preliminary estimates indicate that G20 exports and imports grew by 2.2 per cent and 3.5 per cent, respectively, in Q1 2024, partially reflecting an increase in international travel, as per OECD.

In the US, merchandise exports rose by 1.4 per cent in Q1 2024, buoyed by higher sales of consumer goods. In contrast, Canada experienced a 0.6 per cent decline in exports. The European Union saw a modest export increase of 0.9 per cent, while imports declined, though the decrease was less pronounced than in the previous quarter.

The UK faced a contraction in both exports and imports, attributed to lower trade in machinery and transport equipment. However, merchandise exports in East Asia showed strong growth during the same period.

Source: fibre2fashion.com– May 29, 2024

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Africa's mitumba sector engages millions, backs circularity: Study

The second-hand clothing (SHC or mitumba) sector allows citizens from low-income households in Africa to purchase high-quality and affordable clothing and provides accessible and flexible employment to millions in the continent, where labour markets remain almost wholly dependent on non-mechanised agriculture, according to a study covering five nations.

It also offers a valuable and dependable revenue stream for hard-pressed African governments, primarily through import duties, the study by independent development economist Joseph Feyertag found.

The growth of mitumba imports in these five countries—Angola, Guinea-Bissau, Malawi, Mozambique and Zambia—has had a positive impact on the labour market, it revealed.

Over 1.28 million people are employed in the mitumba sectors of these five countries, with each tonne of mitumba imported sustaining on average 6.5 jobs. This represents up to 25 per cent of total service sector employment.

The jobs that the sector creates are likely to support over 2.5 million people, taking account of dependents in households.

A recent study of SHC retailers and traders in Ghana found that 88.1 per cent of those surveyed served as primary earners in their households, and that a majority of traders (87.8 per cent) had one or more dependents, indicating significant contributions to household incomes.

Informal trade and SHC retail can provide opportunities to diversify income streams and sustain livelihoods, particularly for those who find themselves stuck in low-productivity, subsistence farming, the study found.

Contrary to the views of some economic commentators, a review of literature by the study indicated that the growth of used clothing imports is not a credible explanation for the erosion of textile manufacturing in Africa.

A more plausible reason is that African economies face a comparative cost disadvantage relative to Asian producers. Experts largely agree that difficulty in accessing raw materials, a long-term failure to invest in plant and machinery, and a shortage of skills and human capital have driven the inexorable decline of the textile industry in many parts of Africa.

This decline was exacerbated by trade liberalisation policies that led to an increased inflow not only of mitumba, but also of low-quality imports of new clothes from Asian countries.

The used clothing industry is a clear demonstration of a robust circular economy at work that extends the life cycle of apparel, the study report added.

Source: fibre2fashion.com– May 29, 2024

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Nigeria attracts $3.5-bn investment in textile-apparel sector in 1 yr

Nigeria secured investments worth $3.5 billion in the domestic textile, cotton and apparel sector in one year to rejuvenate the long-dormant industry, according to the country's minister of industry, trade and investment Doris Uzoka-Anite.

This will generate employment for both skilled and unskilled workers across the country, she said.

Her ministry is also developing a resurgence plan for the sector in partnership with development partners and private sector players, she told a recent press conference in Abuja on the occasion of President Bola Tinubu's first year in office.

She highlighted the ministry's commitment to supporting industrialisation by issuing import duty exemption certificates to over 50 manufacturers, aimed at fostering expansion and raising production capacity, domestic media outlets reported.

Over 16,000 jobs have been created in the past year, through programmes and intervention by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), she added.

Source: fibre2fashion.com– May 30, 2024

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Vietnam's trade surplus tops $8 bn in Jan-May 2024: GSO

Vietnam's trade surplus hit $8.01 billion between January and May this year, with $156.77 billion in export revenue and $148.76 billion in imports—up by 15.2 per cent and 18.2 per cent year on year (YoY) respectively, according to the general statistics office (GSO).

Of the total export earnings during the period, $43.69 billion came from the domestic sector and $113.08 billion from the foreign-invested one, rising 20.5 per cent YoY and 13.3 per cent YoY respectively.

Twenty six kinds of products recorded export turnover of more than $1 billion each, or 90 per cent of the total, including seven with over $5 billion, during the period.

The processing sector contributed some $137.39 billion, or 87.7 per cent, to the total export revenue, a domestic news agency reported.

The domestic sector spent $54.95 billion on imports, and the foreign-invested ones $93.81 billion—YoY increases of 24.2 per cent and 14.9 per cent respecitvely.

The import of 27 groups of goods exceeded $1 billion each, with four recording revenue of more than $5 billion. Capital goods were the major imports in the period with an estimated value of $139.89 billion.

The United States was the largest export market of the country, with revenues worth $44 billion, while China was the leading import market, with purchases worth $54.9 billion.

Vietnam enjoyed a trade surplus of $38.1 billion with the United States, $14.3 billion with the European Union and $290 million with Japan during the period.

It witnessed a trade deficit of $32.3 billion with China, $11.1 billion with South Korea and $4.2 billion with the Association of Southeast Asian Nations.

Source: fibre2fashion.com– May 30, 2024

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Bangladesh: FBCCI suggests creating direct shipping route with Sydney

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has suggested creating a direct shipping route between Chattogram and Sydney to reduce logistical costs and enhance competitiveness as part of efforts to boost bilateral trade.

The FBCCI also sought investment from Australian entrepreneurs and proposed signing a comprehensive economic partnership agreement or a regional trade agreement between the two nations for greater market access and stimulate investment.

FBCCI Vice President Joshoda Jibon Debnath made the calls during a seminar on "Strengthening bilateral trade and investment between Bangladesh and Australia", held at the Four Seasons Hotel in Australia's Sydney on May 29.

The seminar was hosted by the FBCCI in association with the High Commission of Bangladesh in Canberra, Australia and was supported by the Consulate General of Bangladesh in Sydney.

At the event, the apex trade body of Bangladesh also reaffirmed its commitment to provide all kinds of support to Australian investors to set up their businesses in Bangladesh.

The FBCCI vice president highlighted the potential of enhanced Bangladesh-Australia cooperation across key sectors, including pharmaceuticals, IT services, agricultural technology, renewable energy, and education.

He proposed a joint research and development fund for biotechnology, ICT, and renewable energy, as well as vocational training programmes and education to drive innovation and economic growth.

In his speech, Stephen Kamper, minister for small business, land and property of New South Wales (Australia), described the advantages of doing business in Australia.

He highlighted the opportunities and potential for setting up businesses in New South Wales and encouraged Bangladeshi investors to invest in Australia.

Source: thedailystar.net– May 29, 2024

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Cyclone Remal Forces Shutdown of Several Bangladesh, India Ports

Major ports in Bangladesh and India had to temporarily suspend operations Sunday and Monday after Cyclone Remal hammered the coasts of both countries.

Cyclone Remal was the first tropical storm of the season for the South Asian countries, killing at least 23 people. More than 13 million citizens lost electricity, with the torrential downpours causing landslides in the northeastern Indian state of Mizoram.

Remal made landfall near Bangladesh's southern port of Mongla and the neighboring Sagar Islands of India around 9 p.m. local time on Sunday. Operations at Mongla, including the loading and unloading of goods, were suspended until Tuesday morning.

Services at another major Bangladeshi hub, the Port of Chittagong, were suspended for 54 hours until noon Tuesday.

Operations in India's West Bengali ports, including the Syama Prasad Mookerjee Port in Kolkata, suspended all cargo and container handling operations for 12 hours starting 6 p.m. Sunday. Railway operations in the port area were also halted during the time.

Flight operations at the Netaji Subhas Chandra Bose International Airport in Kolkata were postponed for 21 hours from Sunday to Monday due to the storm. According to the airport authorities, 170 domestic flights and 28 international flights were scheduled to depart from the airport.

And in Chittagong, Shah Amanat International Airport grounded flights for 17 hours. Operations resumed at 5 a.m. Monday. During the period, nine domestic flights and seven international flights were cancelled.

As of early Tuesday morning, the suspensions at the seaports have caused congestion and delays, according to a report from global supply chain publication The Loadstar. The publication's Bangladesh correspondent said the Chittagong port yards are now faced with a backlog of more than 39,000 20-foot equivalent units (TEUs) of containers.

Before the hurricane made landfall, Sri Lanka's Port of Colombo also saw berthing delays late last week due to bad weather, the Loadstar report said. The port serves as an important regional hub that handles boxes for both Bangladesh and India, and has seen more pressure in recent months related to the rerouting of ships away from the Red Sea.

According to data from supply chain visibility platform GoComet, Colombo has an estimated four-day delay for ships entering the port.

The port delays could hold up some apparel goods manufactured in Bangladesh or India by a few days. The South Asian countries are two of the biggest apparel exporters in the world, with Bangladesh coming in as the third-largest exporter at $45.3 billion per year and India serving as the sixth-largest at $17.7 billion annually, according to the World Trade Organization.

Delays could become more troubling as global ports are forced to take on more capacity as issues like the Red Sea diversions.

According to a new report from Bank of America, worsening port congestion has removed more than 2 percent of container vessel supply since March. The report said Singapore, Dubai and the Mediterranean Sea remain congestion hot spots, while container availability in Asia remains tight.

And another report from container consultancy Linerlytica shared concerns about Singapore, saying that berthing delays are now up to seven days, with total capacity waiting to berth rising to 450,000 TEUs in recent days.

"The severe congestion has forced some carriers to omit their planned Singapore port calls, which will exacerbate the problem at downstream ports that will have to handle additional volumes," Linerlytica said.

Major seaports in China, including Shanghai and Qingdao, are also experiencing a significant buildup of container ships at anchor.

"Potential disruptions can be seen in ports in Northern China that are starting to experience congestion caused by container availability due to a combination of Red Sea-related disruptions (containers are on the water for longer) and buildups of empty containers in ports where they are not needed," said S&P Global Market Intelligence in an analysis Tuesday.

Coinciding with the delays and congestion is the ongoing escalation of ocean spot freight rates, which have again shot up on a week-over-week basis. The Drewry World Container Index (WCI) hit a new high for the year on Thursday, increasing 16 percent to $4,072 per 40-foot container this week.

Since May 2, the WCI has skyrocketed 49 percent after three straight weeks of sharp increases. The rising rates align with the congestion in China, with the four largest jumps per container price coming from trade lanes originating out of Shanghai.

Source: sourcingjournal.com– May 28, 2024

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Pakistan: Low volume of business on cotton market

The local cotton market on Wednesday remained bearish and the trading volume remained low.

Cotton Analyst Naseem Usman told Business Recorder that the new cotton season has started. Approximately three ginning factories have started their operations. Out of three mills one is in Punjab and two are in Sindh.

The rate of new cotton is in between Rs 21,000 to Rs 21,500 per maund. The rate of new Phutti is in between Rs 9,000 to Rs 10.800 per 40 kg.

He further said that cotton prices of old crop in Sindh and Punjab ranged from Rs 19,500 to Rs 21,500 per maund, while Phutti prices in Punjab were between Rs 9,500 and Rs 10,000 per 40 kg.

The Spot Rate remained unchanged at Rs 19,700 per maund, and Polyester Fiber was available at Rs 367 per kg.

Source: brecorder.com– May 30, 2024

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April import LC openings in Bangladesh down 7% MoM, up 20% YoY

The opening of letters of credit (LCs) in Bangladesh in April dropped by 7 per cent due to factory closure for a festival, but import bill settlements rose by 2 per cent month on month (MoM).

Banks opened import LCs worth $5.68 billion in April—down from $6.13 billion in March, but higher than the $4.73 billion in February, central bank data show. April's figure is 20 per cent higher year on year (YoY).

The need for raw materials falls as production at factories stops. Hence, the tendency to open import LCs declines during Ramadan months.

The central bank has, however, implemented several measures over the last one and a half years to reduce imports, including maintaining import LC margins at cent per cent and discouraging the import of luxury goods.

This has resulted in an improvement in the trade and current account balances in the country's balance of payments.

The financial account deficit is, however, worsening due to rising pressures from government and private debt repayments and trade credit, domestic media outlets reported.

Source: fibre2fashion.com– May 29, 2024

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NATIONAL NEWS

After 10 years, S&P raises India's outlook to 'positive', affirms 'BBB-' long-term rating

Taking note of robust growth and rising quality of government spending, S&P Global Ratings on Wednesday revised outlook on India's economy to 'positive' from 'stable'. However, it retained the sovereign rating as 'BBB Minus'.

The rating has been on BBB- since January 30, 2007 (when it was upgraded from BB+). It has been on BBB-/stable since September 26, 2014 (it was placed on negative outlook on April 25, 2012). Meanwhile, it is the first agency which has revised the outlook. Earlier in January, relying on a robust medium-term GDP growth outlook and sound external finances, Fitch affirmed India's sovereign rating at 'BBB Minus' with stable outlook. 'BBB Minus' is the lowest investment grade rating offered.
Rating upgrade

Change in outlook means there is a possibility of rating upgrade in the next two years. "The positive outlook reflects our view that continued policy stability, deepening economic reforms, and high infrastructure investment will sustain long-term growth prospects. That, along with cautious fiscal and monetary policy that diminishes the government's elevated debt and interest burden while bolstering economic resilience, could lead to a higher rating over the next 24 months," S&P Global Ratings said in a statement.

Talking about possibility of upgrade, the agency said that it might raise ratings if India's fiscal deficit narrows meaningfully to the extent that the net change in general government debt falls below 7 per cent of GDP on a structural basis.

"The protracted rise in public investment in infrastructure will lift economic growth dynamism that, combined with fiscal adjustments, could alleviate India's weak public finances. We may also raise the ratings if we observe a sustained and substantial improvement in the central bank's monetary policy effectiveness and credibility, such that inflation is managed at a durably lower rate over time," it said.

Sound fundamentals

Talking about overall situation, the agency said that India‘s robust economic expansion is having a constructive impact on its credit metrics. It expects sound economic fundamentals to underpin the growth momentum over the next two to three years. “Regardless of the election outcome, we expect broad continuity in economic reforms and fiscal policies,” the agency said.

Commenting on the upgrade, Achala Jethmalani, Economist with RBL Bank, said while S&P Global mentioned that India‘s weak fiscal settings had always been the most vulnerable part of its sovereign ratings profile, this weakest link is now becoming the strongest, at least in parlance of moving positively towards getting India its long due sovereign rating upgrade.

“The fiscal rectitude and commitment to fiscal consolidation with improved mix of revenue-capital expenditure and growth outlook augurs well from growth, deficits and deficit funding aspects. The positive outlook and ratings had to follow. Given that India is walking the fiscal glide path, the growth-inflation outlook is favourable, the external sector remains well-placed, we are optimistic on seeing a rating upgrade in the next 18-24 months,” she said.

Pointers:

Rationale behind outlook upgrade

• Robust economic growth, pronounced improvement in the quality of government spending, political commitment to fiscal consolidation

• Expect growth dynamics to continue to play out in the medium term, with GDP expanding close to 7% annually over the next three years.

• Improvements in infrastructure and connectivity in India will remove chokepoints, which are hindering long-term economic growth.

• Government again able to depict a more concrete (albeit gradual) path to fiscal consolidation. Expects general government deficit to dip to 6.8% by fiscal 28 from 7.9% in fiscal 2025

- Irrespective of the June 2024 general election results, the incoming government is expected to carry on economic reforms to support the growth vigor, continued infrastructure investment drive, and commitment to fiscal consolidation.

Source: thehindubusinessline.com– May 29, 2024

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Election delays over FTA: Finalising the Indo-UK deal will have to await the incoming governments in both nations

With early elections announced in the UK, finalising the ambitious free trade agreement (FTA) between India and the UK — with negotiations over 14 rounds having already taken place since January 2022 — will have to await the incoming governments in both nations.

Both India and the UK want an agreement that is balanced and comprehensive and mutually beneficial. Concluding such a deal is not easy. Setting deadlines like Diwali 2022 or coinciding with the Cricket World Cup hosted by India last year was perhaps unrealistic as trade deals are not a simple affair, entailing a complicated process of give and take for greater access to each other's markets to expand bilateral trade worth £39 billion in the four quarters to the end of Q4 2023.

India has a trade surplus of £7.4 billion. There are 26 chapters in the FTA, which include goods, services, investments and intellectual property rights (IPRs). According to commerce ministry officials, chapter-wise textual negotiations are nearly closed and schedules on goods and services are at an advanced stage of negotiation. An investment treaty is also being negotiated.

Among the unresolved issues are rules of origin, duty concessions on electric vehicles, Scotch whisky, investment treaty, social security agreement, carbon border tax, and liberalisation of financial services. A critical area of interest for India is free visa movement for its professionals, which the UK is resisting.

In this regard, there were concerns over the UK's moves to curb legal migration by raising the minimum salary thresholds for skilled worker visas and reviewing, if not scrapping, the graduate visa route which allows students to work for two years after graduation.

Fortunately, better sense has now prevailed — due to a backlash in the cabinet and leading UK universities over the move — to allow the student graduate visa route to remain open. In end-March 2024, as many as 116,455 Indians were granted student visas. The UK, for its part, is frustrated with the lack of movement towards the opening up of the Indian market for professional services in law and accountancy.

On IPRs, the UK wants India to go beyond the World Trade Organization's Trade-Related Aspects of Intellectual Property Rights agreement while India wants to protect its generics drug industry.

For such reasons, inking an India-UK FTA is far from easy with an additional complication that national elections in the UK will take place on July 4 and are ongoing in India. A ground for concern will be the stand of the incoming government in the UK, especially if it's the Labour Party that is leading the Conservatives by 20 percentage points in the opinion polls. The good news is that the Labour Party, too, seeks a trade deal that is mutually beneficial.

Jonathan Reynolds, Labour's business and trade spokesperson, visited Delhi in February and had talks with India's union commerce and industries minister, Piyush Goyal. The big challenge for both nations is to revive the economic component of the relationship that is somewhat underwhelming considering the long historical association.

While the FTA negotiations will take their own course, both partners can still follow the road map 2030 on trade and step up investments in each other's economies. In 2021, the outward stock of UK's foreign direct investment was £19.1 billion while India's FDI in the UK was £9.3 billion. If investments gather momentum, this is bound to result in greater two-way bilateral trade flows in the future.

Source: financialexpress.com– May 29, 2024

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India's exports to Latin American countries are more than to neighboring countries and traditional trade partners

India's exports of 266 million dollars in 2023-24 to the remote Honduras in Central America are more than the exports of 185 m to nearby Cambodia and 237 m to Kazakhstan. The population of Honduras is just 10 million as against 17 m of Cambodia and 20 m of Kazakhstan.

India's exports of 920 m to Peru are more than the 670 m to Myanmar.

Countries exploiting climate change as a weapon of mass destruction: China's aggressive leadership

Exports to Brazil (6022 million dollars) are higher than to the traditional trade partners such as Japan (5156 m), Indonesia (5988 m), Vietnam (5470 m) and Thailand (5038 m).

Exports to Mexico (5324 m) are more than the exports to Russia (4261 m), Canada (3845 m), Sri Lanka (4117 m) and Egypt (3520 m)

Three countries in the region are billion dollar plus destinations: Colombia of 1219 million, Chile 1183 million and Argentina 1086 m.

India's exports to Latin America were 19.15 billion dollars and imports 23.75 billion with a total of 42.9 bn in 2023-24 (financial year April-March), according to the Ministry of Commerce, India.

Car exports

Car exports to Latin America were 1757 million dollars. This was 26.5% of India's global car exports of 6.63 bn dollars.

Major destinations: Mexico 874 m, Chile 266 m and Peru 191 m, Panama 77 m, Colombia 65 m, Ecuador 60 m, and Guatemala 46 m.

Motorcycles

Exports of motor cycles crossed a billion dollars reaching 1037 million dollars from 921 m in 2022-23. This is 37.4% of India's global exports of 2.77 bn.

Mexico has replaced Colombia as the #1 global destination of India's motor cycle exports with 281 million dollars. Colombia was #2 with 224 m and Guatemala was # 4 with 134 m. The other main destinations were: Argentina 95 m, Honduras 56 m, Peru 46 m and Brazil 46 m.

Pharmaceuticals

Pharma exports were 1.63 billion dollars.

Major destinations of India's pharma exports: Brazil 417 million dollars, Mexico 212 m, Chile 190 m, Venezuela 99 m, Colombia 129 m, Peru 102 m, Guatemala 73 m, Dominican Republic 60 m and Ecuador 53 m.

Major exports

Vehicles 4.12 bn; Chemicals 4.12 bn; Machinery 2.8 bn; Petroleum Products 1.7 bn; Pharma 1.63 bn;

Iron and Steel 1.12 bn; Textiles 1.01 bn; Aluminum products 558 m; Plastics 438 m; Cotton 438 m; Rubber products 418 m.

Main import items:

Crude oil 7.44 billion dollars; Raw Gold 6.21 bn; Vegetable oil 2.95 bn; Raw sugar 1.95 bn; Copper 1.76 bn; Machinery and equipment 960 m; Iron and steel 606 m; Wood 495 m; Chemicals 476 m; Fruits & vegetables 195 m; Paper pulp 101 m.

Crude oil imports which reached a peak of around 15 billion dollars in 2013-14 has come down drastically due to US sanctions on Venezuela which supplied 10 bn dollars of crude in 2013-14.

Main sources of crude oil imports: Colombia 2.13 bn, Mexico 1.87 billion dollars, Brazil 1.48 bn, Venezuela 932 m and Ecuador 332 m.

Raw gold import sourcing: Peru 2837 m, Bolivia 1077 m, Brazil 213 m, Colombia 737 m, Dom Republic 488 m, Argentina 346 m, Mexico 143 m and Ecuador 338 m.

Latin America is the main source of soy oil imports of India. Argentina, as usual, was the #1 global supplier of soy oil with 1.98 billion dollars, followed by Brazil 1.03 bn.

Brazil is the source of imports of raw sugar which India refines and reexports to other countries. Chile, the main supplier of copper and other mineral concentrates from the region supplied 847 m, followed by Peru 212 m, Brazil 147 m, Panama 135 m and Colombia 115 m.

Main suppliers of wood from the region: Uruguay 114 m, Brazil 102 m, Ecuador 88 m, Argentina 76 m, Panama 39 m, Costa Rica 20 m and Colombia 17 m.

Except for Venezuela and Argentina, the economies of the other 17 countries of the region are stable and growing and have single digit average inflation. Even Argentine and Venezuelan economies have passed their worst and are recovering now. Venezuela's GDP growth in 2024 is projected at 4%.

Energy Security

Latin America contributes to India's energy security with crude oil helping with India's strategy to diversify import sources. The region could also contribute to India's renewable energy projects with supply of Lithium and other critical minerals. The Lithium Triangle of South America (Chile, Bolivia and Argentina) has more than half of the global reserves.
South America contributes to India's food security with vegetable oils, pulses, fruits and vegetables.

The Latin Americans seek to reduce their overdependence on China with which there is a huge trade and trust deficit. As part of their diversification strategy, they attach importance to the benign, large and growing market of India.

Export target of 50 billion dollars

India could set a target of 50 billion dollars in the next five years. This is achievable if the Indian exporters, export promotion councils, industry bodies and the government intensify their export promotion seriously and systematically with adequate investment.

Click here for more details

Source: financialexpress.com– May 29, 2024

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India should seek easy visa norms for semi and unskilled workers in bilateral agreements: Experts

India should seek easy visa norms in bilateral agreements with different countries for its semi and unskilled workers as it would help increase flow of remittances, and higher wages to labourers, trade experts said. They said easy visa norms will also help contain illegal entry of Indian labourers into developed and rich nations.

Normally in a free trade agreement, two trading partners seek greater market access for its skilled professionals. India, too, asks for easy provisions for its IT and other skilled workforce.

"Now, India should start talking for its semi and unskilled workforce also in the proposed free trade agreements. We should take this as a binding commitment. It will help stop illegal entry of labourers from India into developed nations. India provides low customs in trade agreements, so in lieu of that we can seek greater access for our labours," international trade expert Biswajit Dhar said.

He said that wages in other countries, particularly developed, are high and Indian laborers from sectors like agriculture and mechanical would get advantage from that.

"We have so many unskilled and semi-skilled labourers in India. Easy visa norms for them will also help India get huge remittances," Dhar added.
India has received over USD 111 billion in remittances in 2022, the largest in the world, becoming the first country to reach and surpass the USD 100-billion mark, the United Nations migration agency has said.

According to the report's data, India was the top country receiving remittances in 2010 (USD 53.48 billion), 2015 (USS 68.91 billion), and 2020 (USD 83.15 billion), with the remittances crossing the USD 100-billion mark to reach USD 111.22 billion in 2022.

Three countries in Southern Asia -- India, Pakistan and Bangladesh -- rank among the top-ten recipients of international remittances in the world, underscoring the significance of labour migration from the subregion.

Inflow of remittances has a positive impact on the balance of payments of the country.

Economic think tank Global Trade Research Initiative (GTRI) Founder Ajay Srivastava said it will be hard for India to get access for semi-skilled and unskilled workers in partner countries through FTA negotiations and the most effective strategy is to negotiate bilateral agreements with individual countries to secure access for unskilled workers.

"Bilateral talks based on each country's needs are more effective. India's labourers and unskilled workers going to the Gulf are the best example of this approach," Srivastava said.

While access for skilled professionals is negotiated through the Mode-IV services provisions of FTAs (free trade agreements), access for semi-skilled and unskilled workers is generally handled through bilateral agreements, he said.

Srivastava added that given the tough employment conditions globally, it is challenging to secure commitments from FTA partners to admit skilled or unskilled professionals.

"India is also cautious about granting reciprocal access. The most effective strategy is to negotiate bilateral agreements with individual countries to secure access for unskilled workers.

"This approach addresses the complex dynamics of global labour markets and ensures that both parties can manage their employment needs and economic priorities effectively," he added.

Securing access for its professionals, technicians, and other skilled workers into the partner country markets on short term assignments remains one of the top priorities for India in FTA negotiation.

However, Srivastava said most countries are reluctant to allow access.

"Thus, while India's FTAs with Japan, Korea, ASEAN, Singapore, UAE, and Australia, contain provisions facilitating entry for skilled professionals, this access comes with many restrictions like labour market test, certification requirements, long duration in visa processing or local language proficiency requirement. There is no data on how many Indian professionals have benefited from these provisions," he said.

He added that India's FTAs with the UAE, Malaysia, and Japan include general provisions on labour mobility, potentially allowing access for semi-skilled and unskilled workers. However, these FTAs typically lack explicit details on the number of semi-skilled and unskilled workers allowed or specific visa quotas.

Implementing these provisions requires negotiation and cooperation between governments and industries, focusing on mutual benefits and addressing specific sectoral needs.

Generally entry for semi-skilled and unskilled workers in the partner country is handled through bilateral agreements rather than within the FTAs themselves. Gulf and Southeast Asian countries often use such agreements to facilitate the entry of Indian workers of various skill levels, he said.

Srivastava added that almost all countries are hesitant to grant access to foreign skilled or unskilled workers as they worry that increased access for foreign workers could displace domestic workers or put downward pressure on wages.

Source: economictimes.com– May 29, 2024

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Unlocking India's decadal growth

The political outcomes of the 2024 general election are unlikely to affect the near-term macroeconomic outlook. However, the hard policy choices embedded in alternative policy visions and reform agendas might lead to very different economic profiles over the medium to long term.

While the external environment still seems unsettled and volatile, the large G7 economies appear to be moving towards a “soft landing” to varying degrees. Hence, the policy response will become more conducive to growth, gradually lowering interest rates. This bodes well for emerging markets, with a “risk-on” investor sentiment attracting more capital inflows.

In this context, the domestic macroeconomic environment remains robust, with nowcasting metrics indicating continuing strong demand. Financial year 2023-23 (FY24) growth is expected to print close to 8 per cent, and the Reserve Bank of India’s FY25 growth forecast of 7 per cent remains eminently feasible. A large part of investor confidence in India is due to the demonstrated fiscal discipline by the Centre, in coordination with the calibrated monetary policy response, which is perhaps the best executed and most agile in the world.

On domestic consumption, Q4FY24 results of consumer companies point to improving rural demand, further reinforced by the predicted normal rains. While consumption import demand is likely to remain robust, India’s current account is unlikely to be adversely impacted, with the deficit increasing to maybe 1.2 per cent of FY25 gross domestic product (GDP) from last year’s expected 1 per cent.

Inflation, particularly non-food and fuel (i.e core inflation), is falling and the headline rate might be expected to move towards the 4 per cent target towards the end of FY25, thereby allowing a relaxation of monetary policy. Bank credit flow to micro, small and medium enterprises (MSMEs) has remained strong, growing 20.1 per cent year-on-year (YoY) as of March 24, 2024. Loan disbursals by non-banking financial companies (NBFCs) for the relevant MSME borrowing requirements had slowed marginally over the first nine months of FY24, but still remained healthy.

However, despite the economic success of the past few years, sustaining a 7 per cent-plus growth for 10 years will not be easy and will require multiple enablers operating synchronously. Sequencing and coordination of reforms will be key to designing feedback loops into other processes, mutually reinforcing the overall agenda. A major constraint is resources availability, which will force choices among competing objectives, necessitating difficult economic trade-offs.

An expected private corporate capex upcycle, given falling borrowing costs, deleveraged balance sheets, and expected consumption demand will augment the public sector. Enormous investments will be needed for the ambitious transition to the net-zero carbon goal by 2070, with a need to access global capital pools.

Yet, economic weaknesses remain. Policy and regulatory enablers will need to address structural deficiencies. Unemployment, especially amongst the youth, is the most pressing problem and will only get exacerbated by ongoing technological advances. The quality of jobs is as important as their availability. The Periodic Labour Force Survey (PLFS) data for Q4FY24 shows that even in urban areas, only 47.4 per cent of jobs were salaried or regular wage positions, while 40.2 per cent were self-employed, and 12.5 per cent were casual labour. The share of salaried workers is likely much lower in rural areas.

One channel for mitigating this problem and boosting jobs is to refocus policy attention on the micro and small segments of the MSME sector. The data, especially regarding the size and other metrics of this segment, are woefully outdated.

The last economic census was in 2013; and the Survey of Unincorporated Enterprises was in 2016. Other surveys provide a fragmented look at establishments, employment and economic activity. A combination of increased access to credit, government procurement support, skilling and apprenticeships, comprehensive insurance coverage, marketing support (e.g., via Open Network for Digital Commerce), export opportunities, among other steps, is crucial for a vibrant MSME ecosystem.

Intertwined with MSME growth is the need to boost exports, both merchandise and services. India’s ambitious goal of achieving $1 trillion in merchandise exports by 2030 implies an annual growth rate of 15 per cent (FY24 exports were about $435 billion) and will need a multi-pronged approach to enhance markets access, including tapping into new,

less penetrated markets, boosted by new free-trade and investment agreements. India will also need to integrate even more substantially into the global supply and value chains. Facilitating the scale-up of labour-intensive job-creating enterprises needs equal priority. Services exports, especially attracting more global capability centres (GCCs), provide an opportunity not just to increase integration with the global economy, but also to go up the value chain, e.g., leading edge research and design capabilities.

This ambitious $1 trillion merchandise export target suggests that imports will exceed $1.5 trillion. Efficiently transporting goods of this magnitude will require world-class logistics infrastructure designed for multimodality. Port terminal capacities with connectivity to hinterlands will need to be upgraded. While the government has made significant strides in improving transport and logistics systems, key initiatives like Gati Shakti and Bharatmala will need to be scaled up. Of particular importance will be the operations of the two dedicated rail freight corridors currently approaching completion and the implementation of others in high-density freight routes.

In the longer term, the government has to lead multiple structural transformations, which are crucial for the growth in productivity for sustained growth. Globally, productivity growth has largely emanated from urban agglomerations. Urbanisation in India has been one of the weaker stories, with the share of urban population rising from around 31.6 per cent in 2012 to 35.9 per cent in 2022. China's urban population, over this period, had moved up from 53.1 per cent to 64.7 per cent (up from 19.4 per cent in 1980, roughly the same level as India's then). Land availability is a significant constraint on urbanisation in India, but better road, rail and metro connectivity is pushing out the boundaries of peri-urban habitations. An earlier initiative, Providing Urban Amenities in Rural Areas (PURA), merits revisiting.

Finally, the "last mile" is critical for efficiently implementing the reforms needed to sustain the high growth necessary for transitioning to an upper middle-income economy. This will require intense coordination among the Centre, states and local bodies in the true spirit of federalism.

Source: business-standard.com– May 29, 2024

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Welspun Living to set up jacquard towel manufacturing plant in Anjar

Textile manufacturer Welspun Living is expanding its jacquard towel capacity with a 6,400 mtpa plant in Anjar. To be set up with an investment of Rs 400 crore, the plant will be operational by November 2024. It will facilitate Welspun's market penetration in the beach and fashion category besides expanding its offerings in the kitchen and bath robes segment.

Welspun is also setting up a Greenfield plant to manufacture pillows in Ohio, US with an initial capacity of 6.7 million pillows. The company will invest $50 million in this new facility, which is expected to be operational by September 2024.

Pillows are the second most sold category after bath towels in the home textile sector. In 2022, nearly 250 million units were sold, with the US market valued at approximately $2.8 billion, projected to grow to $3.6 billion by 2026. This new plant taps into nearshoring opportunities by increasing production capacity closer to the US market.

The brand 'Welspun' continues to strengthen its leadership position as the most widely distributed home textile brand in India, with a presence in over 600 towns and 20,282 outlets, an increase of 9,112 in FY24.

The flooring business recorded its highest ever yearly revenue of Rs. 9,269 million at an EBITDA of 8.3 per cent, reflecting a growth of 31.4 per cent in FY24. Emerging businesses, including domestic consumer, branded, advanced textiles, and flooring, grew by 16 per cent in FY24, contributing 33 per cennt to the total consolidated sales.

Source: fashionatingworld.com– May 29, 2024

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