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Currency Watch			
USD	EUR	GBP	JPY
83.39	90.67	106.46	0.54

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INTERNATIONAL NEWS

China's textile and apparel industry aims for zero carbon emissions by 2030

Undergoing a green transformation to reduce its environmental impact, China's textile and apparel industry aims to achieve zero carbon emissions before 2030 and carbon neutrality by 2060. The industry currently emits around 230 million metric tons of CO_2 annually, accounting for 2.8 per cent of national industrial emissions.

Cashmere manufacturer, Erdos Group leads the charge by setting up research labs to monitor grassland health and promote sustainable goat breeding practices; developing new dyeing and knitting technologies to minimise carbon emissions during production. These efforts have resulted in the company reducing emissions per cashmere sweater by 2.16 kilograms compared to 2022.

Aiming for carbon neutrality by 2050, sportswear giant Anta Sports also strives for zero carbon emissions and eliminating virgin plastic use in their own facilities by 2030. The company also aims to achieve zero landfill waste, and increase the proportion of sustainable products to 50 per cent of their total by 2030.

Focused on making denims more eco-friendly, Advance Denims plan to increase sourcing of sustainable and environmentally friendly fibers to develop innovative denim fabrics and collaborating with brands like Levi Strauss to offer plant-based denim options. Textile leader, Jiangsu Dasheng Group is pioneers sustainable practices by implementing zero-carbon fiber raw materials in their production and constructing China's first green, carbon-neutral spinning factory with a capacity of over 6,000 tons annually (expected completion by 2025).

These efforts by China's textile industry are not only fostering new, environmentally conscious production methods but also promoting a harmonious balance between human activity and the natural world and setting a positive example for the global textile industry.

Source: fashionatingworld.com– June 04, 2024

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Luxury retail focuses on local markets despite global headwinds, says Savills Report

The latest report by Savills, a global real estate advisor, highlights a shift in the luxury retail landscape. The report, titled 'Global Luxury Retail 2024 Outlook', highlights while the market faces some challenges there is a shift in focus for luxury brands, prioritizing local markets and customer experience over aggressive global expansion.

The report acknowledges current economic challenges but emphasizes the long-term resilience of the luxury sector. While growth in store openings slowed in 2023 after a post-pandemic surge, Savills points out this doesn't signal a decline. Instead, it reflects a strategic shift by luxury brands towards a more customer-centric approach.

This approach prioritizes understanding the specific needs and preferences of local consumers. The report highlights a rise in store openings in resort destinations, where affluent clientele live and vacation. However, finding suitable real estate in these areas can be challenging. Savills suggests that luxury hotel expansion might create opportunities for co-location, benefiting both retailers and hospitality businesses.

Key takeaways from the Savills Report

Customer-centric strategy: After years of tracking store openings, Savills emphasizes the increasing importance of the customer in real estate decisions. Brands are prioritizing locations that cater to their target audience's needs and preferences.

Local market focus: There's a move away from a purely global expansion strategy. Brands are paying closer attention to the specific strengths of each market and tailoring their presence accordingly.

Resilient luxury spend: Despite headwinds, luxury spending is expected to see average annual growth of 4 to 8 per cent by 2030, according to Bain & Company. This indicates a long-term optimistic outlook for the sector.

Strategic store expansion: While store openings slowed in 2023 compared to the post-pandemic boom, resort markets continued to see growth. Savills suggests luxury hotel expansion could offer new opportunities for retail partnerships.

Real estate a key battleground: Despite facing headwinds, real estate acquisitions by luxury brands reached new highs, indicating a continued focus on physical stores alongside digital strategies.

Focus on underserved markets: The report identifies cities with strong local affluence and potential for luxury retail growth, highlighting opportunities for brands in these areas.

The Middle East on the rise: Savills points to the Middle East as a region attracting growing interest from luxury brands due to its potential.

The report also emphasizes the ongoing importance of physical stores. While e-commerce remains a powerful force, Savills argues that brick-and-mortar locations are crucial for brand experience and customer engagement.

Interestingly, the report finds that despite economic headwinds, property acquisitions by luxury brands are at an all-time high, indicating a long-term commitment to physical retail space. Savills also identifies cities with strong local fundamentals and a potential for underserved luxury markets.

Overall, the Savills report paints a picture of a luxury retail sector adapting to changing consumer habits and economic realities. While acknowledging short-term challenges, the report underscores the long-term strength of the market and the enduring importance of physical stores alongside a robust digital presence.

Source: fashionatingworld.com– June 04, 2024

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Chinese firms offer credit for orders, but payment delays remain an issue: survey

Chinese firms became active in offering credit to obtain orders last year amid hot domestic competition, but payment delays continued to haunt small businesses, a report from global trade credit insurance group Coface on Wednesday showed.

Companies were found to be particularly prominent in providing more credit terms, with 79 per cent offering payment terms in 2023, up from 50 per cent in 2022, marking the highest level since Coface began its survey in 2016.

But with the overall economic recovery struggling to sustain momentum, firms in China have continued to call for more efforts to alleviate their cash flow pressure, despite the survey finding a shorter delay in payments from a year earlier.

The average payment delay in China fell to 64 days last year from 83 days in 2022, lower than 74 days for Hong Kong companies, 70 days for Malaysian businesses, 64 days for firms in Thailand and 66 days for companies in India.

The delay in China, though, was still higher than 63 days in Singapore, 53 days in Taiwan and 50 days in Japan, the survey showed.

The annual payment survey, covering over 2,400 companies in the Asia-Pacific region, was conducted between December and March.

It showed 60 per cent of companies in the region reported overdue payments last year, higher than 57 per cent in 2022.

However, the report found overall improvement in terms of payment delays, with the exception of textile and construction sectors.

“Private business owners like me are struggling because the entire industry, from upstream and downstream, is facing overcapacity,” said Guangdong-based textile equipment integrator Yao Ke.

Revenues this year are expected to double to more than 300 million yuan (US$41.4 million) from a year earlier, but 40 million yuan in accounts receivable – money owed for goods or services that have already been provided – and several months of payment terms hint at a potential cash flow risk.

“There are only two ways to play the game: either forgo profit and significantly lower prices to maintain cash flow to keep the factory running, or provide widespread credit sales to increase orders,” he added.

Yao has already reduced the price of his products by up to 15 per cent compared to last year, while he has also offered some regular customers a maximum credit period of 120 days.

“These companies with growing performance actually have high risks because they are definitely offering credit sales on a large scale to increase orders, but the risk of a break in the capital chain is also high,” said Peng Biao, a textile and clothing supply chain specialist.

Peng said that most Chinese textile manufacturers are more cautious with payment terms, preferring to control the payment period between 30 days and 45 days for foreign customers, and between 60 days and 90 days for domestic customers, even if it means taking less or no new orders.

The Ministry of Industry and Information Technology is seeking public opinion on revisions to the Regulation on Ensuring Payments to Small and Medium-sized Enterprises, vowing to tackle “chain debts”.

In the draft amendment, large enterprises are required to make timely payments to small businesses, while large listed companies are required to disclose information of overdue payments to small and medium-sized enterprises in their annual reports.

Data from the National Bureau of Statistics showed that in the first three months of the year, the cost per 100 yuan of business revenue for large-scale industrial enterprises with annual revenues over 20 million yuan stood at 85.18 yuan, representing a year-on-year increase of 0.16 yuan.

The average collection period for accounts receivable, meanwhile, stood at 67.3 days, representing a year-on-year increase of 3.8 days.

At the end of March, the accounts receivable for large-scale industrial enterprises had reached 23.33 trillion yuan (US$3.2 trillion), representing a year-on-year increase of 8.2 per cent, while the inventory of finished products stood at 6.26 trillion yuan, representing an increase of 2.5 per cent.

Source: scmp.com– June 05, 2024

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Explainer: How will the outcome of the EU elections impact the apparel sector?

Global fashion brands and suppliers will be watching closely to see who is voted into the EU Parliament on 6-9 June and how the political beliefs of the majority might affect the EU's recent approval of Environmental and Social Governance (ESG) legislation as well as its position on global trade.

The EU is undoubtedly a major financial player within the global fashion industry. It imported €191.4bn ($207.63bn) of apparel in 2022, according to the Centre for the Promotion of Imports from developing countries (CBI) with suppliers from developing countries contributing to almost half (49.5%) of all clothing imported into the EU in terms of value.

Meanwhile, GlobalData predicts that by 2027, the EU's own apparel market will achieve a CAGR of 3.6%, reaching EUR576.3bn ($625.16bn).

Dirk Vantyghem, the director general of Euratex, which describes itself as the voice of the European apparel and textile industry told Just Style during a recent interview there are fears an extreme right could gain ground in the next parliament.

International Apparel Federation secretary general Matthijs Crietee agrees, adding that right wing and radical right parties are expected to do well in both the European Parliament elections and upcoming national elections.

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International Apparel Federation secretary general Matthijs Crietee agrees, adding that right wing and radical right parties are expected to do well in both the European Parliament elections and upcoming national elections.

Vantyghem noted the extreme right by definition tend not to be Euro-friendly so the risk of a parliament made up of predominantly those views is that it could slow down European-level decision-making.

Crietee suggests uncertainty and weak enforcement could hinder investments. On the other hand, he continued: “Companies don’t only make changes because of legislation. Once they are convinced that in the long run, society and their customer base are changing, they will press on regardless of wavering legislators.”

Impact of EU elections on apparel ESG legislation

Vantyghem acknowledged that long before talk turned to the EU elections there was anxiety from apparel suppliers based outside of Europe on how to comply with all the pieces of upcoming ESG legislation.

The most recent of these being the “right-to-repair” directive, which aims to make repair a more “attractive” economic activity for the EU, consumers and the environment. And before that the EU council approved its ecodesign regulation, which sets requirements for sustainable products from the design phase.

It is arguably, however, the EU’s already approved Corporate Sustainability Due Diligence Directive (CSDDD) that will have the biggest impact on global fashion brands, retailers and suppliers as it will require increased scrutiny on buying practices to ensure greater responsibility.

Fair Wear Foundation’s executive director Alexander Kohnstamm told Just Style these “crucial directives that have been agreed upon should not be affected by the outcome of the elections”.

But Vantyghem admitted we are still living in the unknown on the finer details for the legislation so on that basis it will be the new parliament ironing everything out that has already been agreed.

Impact of EU elections on global apparel trade, social and environmental rights

It is expected the next European mandate will put more focus on competitiveness and industrial resilience in the form of an Industrial Deal to rebalance and complement the recent Green Deal with Vantyghem telling Just Style previously: “We hope that will translate when the new commission sets its priorities so there will be a stronger focus on the industry.”

Euratex acknowledged there had been a lot and "maybe too much" legislation so it would make sense for the next five years to focus on ensuring its proper implementation and compliance.

Crietee cannot see the European Green Deal being revoked, but he predicts there could be "less enthusiasm for translating European laws into national legislation and, importantly, less enthusiasm to enforce existing laws".

He warned the uncertainty that a different political wind may create around the green deal laws is "potentially harmful for industry".

Vantyghem remains optimistic and believes "it's about how can we implement it all [ESG legislation] in combination with a vision of a strong industry to ensure the European industry has its place and can remain competitive."

For Crietee, however there also remains some question marks around the debate on tariffs for countries exporting garments to the EU.

"We count on Parliament to ensure an impactful connection between trading conditions and the human rights and environmental track record," he noted.

Vantyghem asserted that we do need to keep global supply chains open and explained that despite it being his role to represent European interests, he won't be calling for a Europe-first approach.

He knows the apparel sector is interdependent on global supply chains and needs them to continue.

He concluded: "It's a delicate balance and perspective to say everyone should be playing by the rules and yes we should interfere in a hard way for those that don't comply with the rules but we do need to keep supply chains open, especially given that 70-80% of what Europe wears comes from outside."

Source: just-style.com.com– June 04, 2024

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UK's retail sales see slight rise in May 2024: BRC

UK's total retail sales increased by 0.7 per cent year on year in May, against a growth of 3.9 per cent in May 2023, according to the British Retail Consortium (BRC). This was above the 3-month average growth of 0.3 per cent and below the 12-month average growth of 2 per cent.

Non-food sales decreased 2.4 per cent year on year over the three-months to May, against a growth of 0.7 per cent in May 2023. This is steeper than the 12-month average decline of 1.7 per cent. For the month of May, Non-food was in decline year-on-year.

In-store non-food sales over the three months to May decreased 2.7 per cent year on year, against a growth of 2.9 per cent in May 2023. This is below the 12-month average decline of 1.1 per cent, as per BRC.

Online non-food sales increased by 1.5 per cent year on year in May, against an average decline of 3.0 per cent in May 2023. This was above the 3-month and 12-month average declines of 1.8 per cent and 2.6 per cent respectively. The online penetration rate (the proportion of non-food items bought online) increased to 36.7 per cent in May from 35.9 per cent in May 2023. This was slightly higher than the 12-month average of 36.1 per cent.

"Despite a strong bank holiday weekend for retailers, minimal improvement to weather across most of May meant only a modest rebound in retail sales last month. Although non-food sales fell over the course of the month, the long weekend did see clothing sales. Retailers remain optimistic that major events such as the Euros and the Olympics will bolster consumer confidence this summer," said Helen Dickinson OBE, chief executive of the British Retail Consortium.

"Whilst May's figures show barely positive increases in retail sales, with less than one percent growth year-on-year, the impact of falling CPI - which means volumes are not declining as quickly, may help to soften the blow for hard-working retailers," said Linda Ellett, UK head of consumer, retail and leisure.

Source: fibre2fashion.com– June 04, 2024

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UK manufacturing sector back to growth in May; biz confidence improves

The UK manufacturing sector returned to growth in May this year, as output expanded at the quickest pace in over two years amid improved intakes of new work, according to S&P Global.

The outlook also brightened as positive sentiment of manufacturers rose to its highest level since early-2022, with 63 per cent of companies expecting output to expand over the coming year.

The seasonally adjusted S&P Global UK manufacturing purchasing managers' index (PMI) rose to 51.2 in May, up from 49.1 in April, its highest reading since July 2022, but a tick below the earlier flash estimate of 51.3.

The headline PMI has posted above the neutral 50 mark in two out of the past three months.

May saw manufacturing production expand at the quickest rate since April 2022, with the upturn broad-based by both sector and company size.

All three product categories covered by the survey—consumer, intermediate and investment goods—and all three size definitions—small, medium and large—registered concurrent expansions for the first time in over two years, S&P Global said in a release.

Output growth was underpinned by improved intakes of new work, stronger market conditions and efforts to complete existing contracts.

The level of new business placed with UK manufacturers rose for the second time in the past three months and to the greatest extent since April 2022.

The upturn in demand was centred on the domestic market, as new export orders fell for the twenty-eighth month in a row.

There were reduced inflows of new work from several trading partners, including the United States, the European Union (with specific mentions of Germany and Poland) and the Middle East.

Business confidence improved in tandem with the recovery in current market conditions. Manufacturers reported the highest degree of optimism regarding the one-year ahead outlook for production volumes since February 2022.

Positive sentiment was linked to hopes that continued economic recovery, promotional efforts and improved export orders would all support growth in the future.

However, some firms also noted concerns about political and economic uncertainty, both at home and abroad. Considerations relating to operating efficiency, cost management and lean production remained at the forefront of manufacturers decision-making during May.

Employment was reduced for the twentieth successive month, while inventories of finished goods and purchases were both depleted.

Input buying increased slightly during May, halting a 22-month sequence of reduced purchasing activity. Suppliers' delivery times lengthened for the fifth month running, mainly due to transportation issues such as the ongoing crisis in the Red Sea.

May saw average input costs increase for the fifth successive month, albeit to a lesser extent than in April.

Source: fibre2fashion.com– June 04, 2024

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Australia Joins Ranks in Push for Fast Fashion Tax

An Australian research group has found that the country's consumers purchase more apparel than any other nation in the world—and it's recommending a tax on fast fashion to address the massive buildup of waste.

According to the Australia Institute, the Land Down Under has officially surpassed the U.S. as the biggest consumer of textiles per capita, and much of that material ends up lining landfills at the end of its useful life. In fact, the group's research revealed that more than 200,000 tons of clothing are dumped every year—a volume equivalent to nearly four times the weight of the Sydney Harbor Bridge.

Australians purchase an average of 56 pieces of new clothing annually, beating out the U.S. by three pieces per year. UK shoppers purchase an average of 33 new apparel items every 12 months, while Chinese consumers buy 30 new garments.

In addition to buying clothing in higher volumes, Australians are paying less per piece, with the price of a garment averaging $13 AUD ($8.64). By contrast, the average apparel item purchased by UK consumers costs $40 AUD ($26.59), while U.S. consumers pay about $24 AUD ($15.95) per garment and Japanese shoppers shell out $30 AUD ($19.94).

While Australian consumers are undoubtedly contributing to the take-make-waste cycle, the Australia Institute's polling of more than 1,000 adults also showed that 63 percent are concerned or very concerned about the environmental ramifications of overconsumption and textile waste. Notably, 71 percent believe businesses bear responsibility for addressing the issue, followed by consumers (57 percent) and the government (54 percent).

"Australians are the world's biggest consumer of clothes, shoes and bags per capita. We're addicted to stuff that is harming our health and the environment," Australia Institute circular economy and waste program director Nina Gbor said.

"We need to drastically reduce waste at the source by penalizing brands mass-producing incredibly cheap and poor quality clothing that is often worn just a handful of times or never sells and goes straight to the tip," she added. The average garment is worn as few as seven times before it's ditched in favor of something new, according to Australian Fashion Council data.

The group is now proposing several measures that it believes the Australian government could adopt to stem the flow of cheap goods, including a French-style fast fashion tax on unsustainable, "problematic" products that linger in landfills indefinitely. The lower house of French parliament recently passed a bill that would add a five-euro tax to items deemed to fit the definition of fast fashion.

Australia's government has already taken aim at the issue. Last year, Member of Parliament Tanya Plibersek, who serves as the Minister for the Environment and Water, launched "Seamless," a scheme that aims to create a circular textile economy in Australia by 2030 on the back of a 4-cent per garment levy. The money generated will be used to bolster circular innovation and expand activities like clothing collection, sortation and recycling.

The National Clothing Product Stewardship Consortium, which is led by the Australian Fashion Council and comprised of groups like Charitable Recycling Australia, Queensland University of Technology , Sustainable Resource Use, and WRAP Asia Pacific, has collaborated with the country's recycling council, retail associations and waste management and resource recovery associations to develop the framework for the program, which will go into operation on July 1.

But Gbor said the stakes are too low to make a measurable impact. "This is a good start, but the levy is too low to change brand behavior," she believes. "It should be increased drastically to at least 50 cents per item. This, coupled with measures like a fast fashion tax, is needed to put the industry on notice."

The Australia Institute has also recommended the banning of the export of textile waste within five years, citing research from the Australian Fashion Council that shows 105,000 tons of used textiles are ferried off to far-away locales each year in a practice the group called "waste colonization."

"Many of these items end up in landfill or are dumped in countries in the Global South, where they fill up their landfills, pollute beaches and oceans and contribute to more emissions," Gbor said.

Government-funded discounts for people who opt to repair their clothing, federal funding for textile circularity and more support for community efforts and recycling initiatives could also move the needle, according to the group's report.

With fast-fashion behemoths Shein and Temu projected to make more than $2 billion in combined sales this year, Gbor believes there's a well of resources to tap into for environmental initiatives. "The Federal Government could redirect some of their profits to cut clothing waste and fund a domestic recycling and a circular textiles industry," she said.

Source: sourcingjournal.com– June 04, 2024

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Why ZCE cotton fall continuously?

Since mid-April, ZCE cotton futures market has shown a weak trend. The major cotton contract fell by 1,640yuan/mt, a 9.95% decrease, from 16,480yuan/mt to 14,840yuan/mt during mid-April and mid-May. Several factors contributed to this decline:

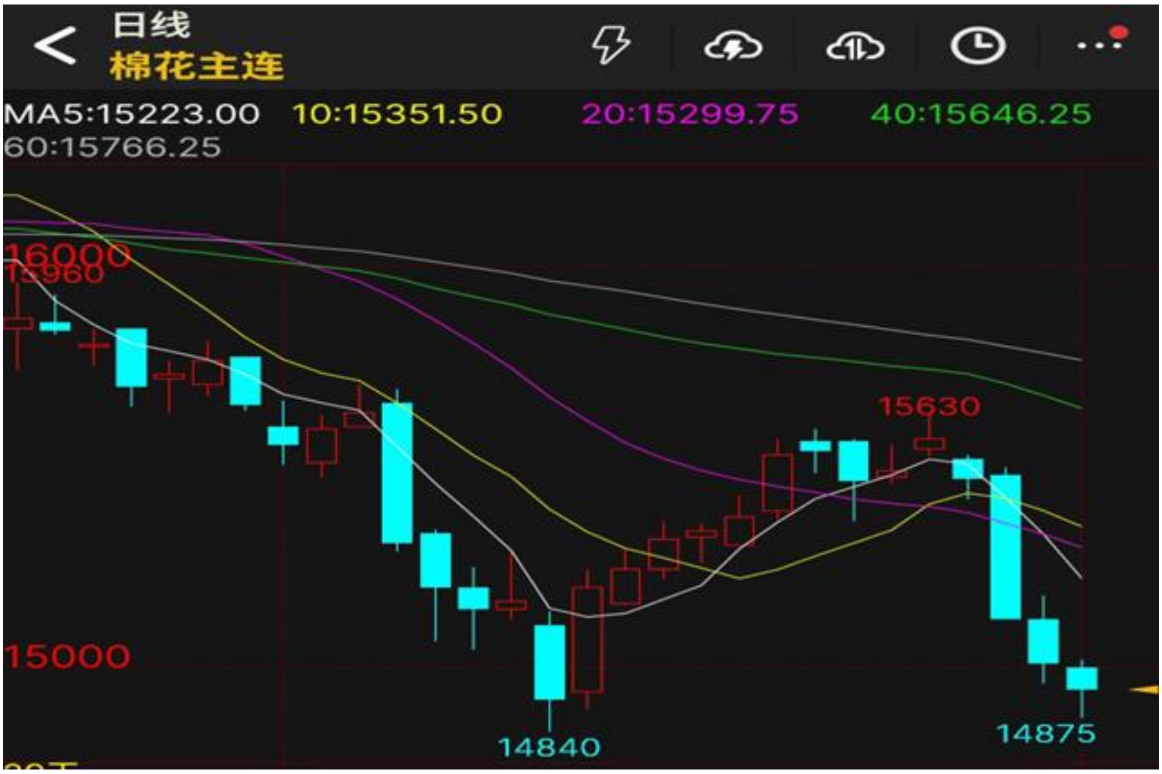
1. The Federal Reserve released hawkish signals in mid-April.

2. 2024/25 U.S. cotton production is expected to be good, confirmed by the May USDA supply and demand report.

3. Increasing ICE cotton delivery warehouse receipts and other factors led to a continuous decline in ICE cotton.

4. Chinese downstream demand started to weaken in mid-April.

5. The drop in international cotton prices widened the price difference between Chinese and international cotton, exerting pressure from imported cotton.



From mid-May to the end of May, ZCE cotton rebounded but then declined again in early June, with the main contract falling by 755yuan/mt from 15,630 to a low of 14,875 on June 4, a 4.8% decrease. This decline was primarily due to:

1. Poor macroeconomic sentiment in the overseas market on May 30, with many commodity falling significantly. ICE cotton was sharply lower.
2. Most varieties in the Chinese market fell from May 31 to June 4, with a negative overall macroeconomic sentiment and rapid declines in previously high-flying varieties such as manganese silicon and ferrosilicon.

3. Industry demand remained weak. Downstream spinners curtailed production and cut operating rate further, and product inventory continued to accumulate.

Both declines from mid-April to mid-May and in early June were triggered by ICE cotton, driven mainly by macroeconomic factors. The market faced abundant expectations of new cotton production in China and in the US, also the production from Brazil and Australian cotton. While Chinese downstream demand in early June was weaker compared to mid-April to mid-May.

Spinners reduced production rates faster and faced greater inventory pressures, resulting in reduced cotton purchasing enthusiasm. Concerns about tight year-end inventories of 2023/24 Xinjiang cotton gradually diminished as downstream demand waned, basis of spot cotton declined periodically.

Looking ahead, ZCE cotton is seeking support after reaching a temporary low point, but in the medium to short term, with weak demand, ample new supply, and various macro uncertainties, it is likely to face continued upward pressure.

Source: ccfgroup.com– June 04, 2024

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Maersk Raises Profit Guidance Again as Red Sea Tensions Weigh on Ports and Rates

Maersk raised its 2024 outlook for the second time in a month Monday, adding $3 billion to its expected bottom line in a sign that the Red Sea crisis isn't slowing down any time soon.

The Copenhagen-based container shipping giant cited the ongoing increase in container freight rates and escalating port congestion in Asia and the Middle East as reasons for the more upbeat guidance.

"This development is gradually building up and is expected to contribute to a stronger financial performance in the second half of 2024," said Maersk. The shifts have already resulted in a first-quarter windfall for the container shipping industry at large, with 11 major ocean carriers (excluding MSC) collectively scoring $5.4 billion in profit in the period.

Maersk anticipates underlying earnings before interest and taxes, depreciation, and amortization (EBITDA) of $7 billion to $9 billion, a substantial increase from the previous guidance of $4 billion to $6 billion. Operating profit was $1 billion to $3 billion, a much more promising outlook than the range between a $2 billion loss and no earnings. Up until the start of May, Maersk had forecast an operating loss of as much as $5 billion.

Free cash flow expectations now total at least $1 billion, up from negative free cash flow of $2 billion.

"Carrier profits in container shipping, these days, are driven mainly by system-wide events which reduce shipping capacity, as they inflate both freight rates and carrier profits," said Philip Damas, managing director, head of Drewry Supply Chain Advisors. "So I read Maersk's announcement that it is upgrading its profit guidance as meaning 'we expect current disruptions to continue for longer than previously expected.'"

Trading conditions remain subject to higher-than-normal volatility given the unpredictability of the Red Sea situation and the lack of clarity of future supply and demand, Maersk says.

Currently, most commercial vessels continue to skirt the Red Sea amid repeated missile and drone attacks from Yemen-based Houthi militants, instead opting to travel around southern Africa's Cape of Good Hope. The longer transit times have resulted in less capacity out on the ocean—with Maersk expecting capacity losses of 15 percent to 20 percent on Asia-to-Europe routes in the second quarter.

"While demand for container transport remains strong, supply has been negatively impacted by missed sailings, longer routes, equipment shortages and delays leading to increased congestion across several key ports in Asia and the Middle East," said Vincent Clerc, CEO of Maersk, in a statement. "This demand and supply imbalance has had an immediate and profound impact on freight rates."

Damas told Sourcing Journal that Maersk's second outlook "also reinforces the views of many exporters and importers that it is prudent to ship early, to reduce the risk of late deliveries and insufficient inventory." On Monday, Maersk said it is experiencing substantial delays in vessel schedules due to the severe congestion across Mediterranean and Asian ports like Singapore and Shanghai, which has extended waiting times and impacted the firm's ability to maintain regular schedules. This has forced the company to blank sailings on two service lines starting in July.

"The ongoing threats to commercial vessels in the Red Sea and growing supply chain bottlenecks indicate that this situation won't improve soon," Clerc said. "More capacity than expected will be needed to resolve these issues and stabilize the global supply chain."

Maersk has also been amending its service lines amid the delays and capacity constraints stemming from the Red Sea diversions. The company is winding down its TP20 westbound Newark, N.J.-to-Yantian, China line, which was initially introduced to complement the Asia-to/from-the-U.S. East Coast offering.

The last TP20 sailing from Asia will be out of Shanghai on June 13, while the final North American sailing will be July 17 out of Newark.

As the container shipping liner expects more capacity constraints, it still has an expected 33 ships carrying 408,836 20-foot equivalent container units (TEUs) in its orderbook, according to data from Alphaliner.

But until the industry gets more of its new orders online, it appears ocean freight rates will continue to stay elevated.

According to Drewry's World Container Index (WCI), spot freight rates increased 4 percent to $4,226 per 40-foot container in the week to May 30. These spot rates have jumped to their highest averages since September 2022, and are up 215 percent from October 2023 when they were $1,342 per container.

Maersk is set to publish its second-quarter interim results on Aug. 7, 2024.

Source: sourcingjournal.com– June 04, 2024

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EU ushers in sweeping green reforms with new ecodesign regulation

The European Union has taken a significant step towards a more sustainable future with the adoption of the ambitious Ecodesign for Sustainable Products Regulation (ESPR) on May 27th, 2024. This landmark legislation marks a major overhaul of the existing Ecodesign Directive, significantly expanding its reach beyond just energy-related products.

This ambitious regulation applies to nearly all products sold within the EU single market, with textiles – particularly clothing and footwear – identified as a high-impact category that will be subject to stringent ecodesign requirements. The ESPR empowers the European Commission to establish specific regulations for different product groups, giving manufacturers 18 months to comply with the new standard.
New ESPR a holistic approach

Previously, the Ecodesign Directive, established in 2009, focused solely on regulating the energy efficiency of products. The ESPR expands this focus dramatically, encompassing the entire life cycle of a product and mandating its design for sustainability. This translates to a wide range of requirements, including:

Durability and repairability: Products will need to be built to last longer and be easier to repair, reducing waste and encouraging responsible consumption.

Recyclability: Manufacturers will be responsible for designing products with recyclability in mind, using materials and construction methods that facilitate easier material recovery at the end of a product's life.

Resource efficiency: The ESPR aims to minimize the environmental impact of resource extraction and production throughout the product's life cycle.

Circularity: The regulation promotes a more circular economy by incentivizing the design of products that can be easily remanufactured or repurposed.

A key aspect of the ESPR is the empowerment it grants the European Commission. The Commission will be responsible for setting specific ecodesign criteria for different product categories, prioritizing high-impact sectors like textiles, a major contributor to waste and pollution. Manufacturers will be given 18 months to comply with these new regulations, ensuring a smooth transition but with a clear deadline for implementation.

The adoption of the ESPR is expected to have a significant positive impact on the environment. By promoting longer-lasting, more repairable, and recyclable products, the regulation aims to reduce waste generation, resource consumption, and pollution. Additionally, the ESPR is expected to stimulate innovation in sustainable product design, creating a more competitive and environmentally conscious manufacturing landscape within the EU.

While all but one EU member state approved the regulation, Italy abstained. The regulation will be formally published in the coming days and will come into full force after a 24-month transition period. This timeframe allows manufacturers time to adapt their production processes and product designs to comply with the new sustainability standards.

The EU's bold move with the ESPR sets a strong precedent for other countries looking to adopt sustainable practices. As the regulation is implemented, its impact on product design, consumption patterns, and the environment will be closely monitored.

Source: fashionatingworld.com– June 04, 2024

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Turkish jeans factory in Egypt

Egypt's General Authority of the Suez Canal Economic Zone (SCZONE) signed a land deal with Eroglu Egypt for a 65,000-square-meter plot to build a readymade garment factory. This $40 million project in the Qantara West Industrial Zone is expected to create over 3,000 jobs and position the zone as a textile and apparel hub, according to Amwal Al Ghad.

The factory, built by Turkey's Eroğlu Global Holding A S, will focus on jeans production. With an annual target of 7.2 million jeans, 70 per cent will be exported while the remaining will cater to the domestic market.

This project marks the sixth of 15 planned for the zone, which has already attracted 144 projects with a total investment of $3.22 billion in fiscal year 2023-2024, according to SCZONE Chairman Waleid Gamal El-Dien.

Egypt's strategic location near the Suez Canal, one of the world's busiest shipping lanes, makes it an attractive trade hub according to data analysis firm GlobalData. Their report highlights the importance of Egypt's textile and apparel sector, which accounts for 8 per cent of exports, 34 per cent of industrial output, and employs 10 per cent of the workforce.

Source: fashionatingworld.com– June 04, 2024

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Online shopping market to reach $6.8 trillion by 2028: Study

From $4.4 trillion last year, the global online shopping market is expected to rise to $6.8 trillion by 2028, predicts a new study by Forrester.

Jitender Miglani, Principal Forecast Analyst, Forrester explains, the pandemic accelerated e-commerce growth as store closed and social distancing prevailed. However, in recent years with most stores reopening, there has been a reversal to physical shopping.

To regain momentum, e-commerce operators plan to launch new initiatives like shopping offers and generative AI projects. A survey by Nvidia in January indicates, around 98 per cent of retailers plan to invest in these technologies over the next 18 months.

Besides, other factors like maturation of online marketplaces, social commerce, livestream selling, direct-to-consumer commerce, expanding internet access and innovative payment solutions, are also likely to boost e-commerce growth, emphasises Miglani. The US e-commerce market alone is projected to rise from $1 trillion in 2023 to $1.6 trillion by 2028, accounting for 28 per cent of all retail sales in the market

The analysis by Forrester further suggests, overall global retail sales will reach $28.7 trillion by 2028. The study notes, physical shopping is proving resilient despite challenges faced by brick-and-mortar retailers including store closures by retail chains like Express, Rue21, and Macy's.

Hence, physical shopping will continue to dominate in the near term with 76 per cent of the $28.7 trillion global retail sales occurring offline, projects the study

A report of Coresight Research points out, store openings in the US have outpaced store closures since the end of COVID-19 pandemic. Store chains in the country have been on a net opening front since the end of the pandemic, adds Bryan Gildenberg, Analyst.

Source: fashionatingworld.com– June 04, 2024

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Vietnam's rank up 5 spots in Southeast Asia's Green Economy 2024 index

Vietnam's position rose by five spots in an index in the Southeast Asia's Green Economy 2024 report recently released by Bain & Company, GenZero, Standard Chartered and Temasek.

The nation has set ambitious climate targets, including a non-binding net-zero goal by 2050, with a 2030 emissions target of 781 metric tonnes of carbon dioxide equivalent, up from 458 in 2020.

The country's progress includes reducing emissions per capita to 4.7 tonnes, achieving a 43-per cent renewable energy share in power generation, attaining 3 per cent battery EV sales, curbing tree loss by 14 per cent and expanding forest land.

Introduced in May 2023, the Power Development Plan VIII (PDP8), outlines a comprehensive strategy to phase out coal by 2050, while significantly increasing the contribution of solar, wind and hydroelectric power to the national grid.

The Just Energy Transition Partnership (JETP) plans to draw in $15.5 billion in investment and emphasises the importance of public-private collaboration in accelerating the green transition.

The country is also developing carbon pricing instruments and an Emissions Trading System, scheduled to be operational by 2028. This initiative, led by the department of climate change under the ministry of natural resources and environment, is a critical step towards reducing greenhouse gas emissions and creating a market-driven approach to carbon reduction.

Vietnam saw a 79-per cent decline in private green investments in 2023, largely attributed to delays in executing major national road maps and the high cost of capital, between 10 per cent and 12 per cent.

Despite the need for a capital investment of $34 billion for its green transition, the government could secure only $200 million in private investments last year.

The country also lacks a carbon market registry and Voluntary Carbon Market standards. Though initiatives like a developing carbon tax and incentives for electric vehicles, solar power and green buildings are under way, challenges persist in attracting sufficient private investments, the report by the private companies noted.

Delays in the implementation of key policies like PDP8 and JETP have hindered large-scale investments. The country offers fewer financial incentives and subsidies for decarbonisation compared to regional rivals. This lack of support affects corporate willingness to invest in green technologies, the report pbserved.

In response to these challenges, Vietnam is making strategic adjustments. It is updating its feed-in tariffs for wind and solar projects and offering incentives for electric vehicles and green building construction.

Source: fibre2fashion.com– June 05, 2024

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Netherlands' retail turnover grows 2.3% YoY in April

Dutch retail sector recorded growth in turnover of 2.3 per cent year-on-year (YoY) in April 2024, according to Statistics Netherlands (CBS). Sales volume was also up by 2.3 per cent. Turnover in the non-food sector (including retail not in shops) increased by 3.8 per cent. Furthermore, online retail turnover increased by 8.8 per cent year on year.

In the non-food sector sales volume (turnover adjusted for price changes) was up by 4.9 per cent from one year previously, as per CBS.

Shops selling footwear and leather products saw year-on-year turnover growth in April. However, clothes shops and those selling home furnishings recorded a decrease in turnover.

Online retailers recorded an increase in turnover of 11.6 per cent. Multi-channel retailers saw turnover in their online sales rise by 5.4 per cent. Online turnover for other non-food products and for clothing and fashion items was higher in April 2024 than it was one year previously.

Source: fibre2fashion.com– June 05, 2024

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Bangladesh: RMG export prices in Bangladesh fall 8-16% in 8 months: BGMEA

Export prices of garment items from Bangladesh dropped by 8-16 per cent year on year (YoY) in the last eight months due to a decline in consumer demand in major markets resulting from high inflation and the impact of the Russia-Ukraine war.

Export of garments to major markets too dropped in volume, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Apparel import in the United States and the European Union declined by 7 per cent and 13 per cent respectively in the July-April period of fiscal 2023-24, BGMEA data showed.

Bangladesh's garment exports increased by 4.97 per cent year on year (YoY) in the 10 months to April this year—down from the 9.09 per cent YoY growth posted in the same period a year ago, domestic media outlets reported.

However, the bank interest rate rose by 15 per cent and the cost of production by 50 per cent in the last five years, BGMEA president SM Mannan Kochi said.

The government decision not to allow investments outside export processing zones (EPZs) and special economic zones (SEZs) will affect investment inflow into the country, and hence it should be reconsidered, he added.

Source: fibre2fashion.com– June 05, 2024

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Pakistan: Textile millers demand competitive tariff

All Pakistan Textile Mills Association (Aptma) Central Chairman Asif Inam has demanded the reduction in power tariff to 9 cents per kilowatt-hour (kWh), lowering of interest rate to 12% and restoration of zero-rated facility to enable the textile industry to contribute to the national economy through exports, investment and employment.

Speaking at a press conference at the Aptma Lahore office on Tuesday, Inam lamented that the textile industry was paying Rs240 billion in cross-subsidies and over Rs150 billion in stranded costs. He stressed that the supply of electricity at 9 cents would lead to additional demand for over 300 megawatts and provide Rs500 billion in revenues.

The central chairman questioned the justification for the high interest rate of 22% when inflation had dropped to 11.8%. He pointed out that the government could save Rs3 trillion in interest payments by slashing the interest rate.

Regarding the demand for zero-rating, he asked why the government was holding on to the industries' sales tax refund claims of Rs300 billion. The government should collect sales tax at the retail stage, which has the potential to contribute over Rs250 billion, he added.

Source: tribune.com.pk– June 05, 2024

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India's GDP growth expected to be around 7% in FY25: Care Ratings

India's gross domestic product (GDP) growth is expected to be around 7 per cent in fiscal 2024-25 (FY25), according to Care Ratings.

The country's economy performed well in FY24 and the agricultural sector's muted growth of 1.4 per cent in the last fiscal is in line with expectations due to a poor monsoon, it said.

A sharp increase in gross fixed capital formation, led by public capital expenditure, supported the growth in FY24. However, private consumption growth remains subdued, increasing by only 4 per cent in FY24, which is the slowest rate in the last two decades, excluding the contraction during the pandemic year of FY21.

A strong corporate and banking sector balance sheet, robust credit growth and the ongoing moderation in the inflationary pressures would support domestic economic momentum, the rating agency noted.

Expectations of a normal monsoon bode well for overall consumption demand.

Moderation in food inflation would also be critical for a broad-based improvement in consumption trends.

The upswing in the private investment cycle would be contingent on a sustained improvement in domestic consumption and global growth outlook.

While overall domestic economic momentum remains strong, monitoring the ongoing recovery in private consumption demand is important, especially at the bottom of the pyramid, it observed.

Source: fibre2fashion.com– June 04, 2024

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Netherlands emerges as India's 3rd largest export destination in 2023-24

The Netherlands has emerged as India's third largest export destination after the US and UAE during 2023-24, even as the country's merchandise shipments dipped by over 3 per cent, according to the commerce ministry data.

The main commodities which registered healthy exports growth in the Netherlands include petroleum products (USD 14.29 billion), electrical goods, chemicals, and pharmaceuticals in the last fiscal.

India's trade surplus with the Netherlands has increased to USD 17.4 billion in the last fiscal from USD 13 billion in 2022-23.

The Netherlands has taken over major destinations such as the UK, Hong Kong, Bangladesh and Germany.

India's exports to the Netherlands rose by about 3.5 per cent to USD 22.36 billion in 2023-24 as against USD 21.61 billion in 2022-23, the data showed.

In 2021-22 and 2020-21, the outbound shipments to the European country stood at USD 12.55 billion and USD 6.5 billion, respectively.

The exports have been registering healthy growth continuously since 2000-01, when India's exports to that nation were USD 880 million.

Further, in 2021-22, the Netherlands was the fifth largest destination for Indian exports as against the ninth largest in 2020-21.

According to trade experts, the Netherlands has emerged as a hub for Europe with efficient ports and connectivity with the EU through roads, railways and waterways.

Mumbai-based exporter and Chairman of Technocraft Industries Sharad Kumar Saraf said the trend of increasing exports would continue in the future also.

Saraf said that the Netherlands is a gateway to Europe as its ports are very efficient.

India and the Netherlands established diplomatic relations in 1947. Since then, the two countries have developed strong political, economic and commercial relations.

In 2023-24, the bilateral trade between the two countries marginally dipped to USD 27.34 billion as against USD 27.58 billion in 2022-23.

The Netherlands is among the top trading partners of India in Europe, after Germany, Switzerland, the UK and Belgium.

It is also a major investor in India. During the last fiscal, India received about USD 5 billion in foreign direct investment from the Netherlands. It was USD 2.6 billion in 2022-23.

There are over 200 Dutch companies present in India, including Philips, Akzo Nobel, DSM, KLM and Rabobank. Similarly, there are more than 200 Indian companies operating in the Netherlands, including all the major IT firms such as TCS, HCL, Wipro, Infosys, Tech Mahindra as well as Sun Pharmaceuticals and Tata Steel.

Source: business-standard.com– June 04, 2024

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CBIC initiates process to replace 80 years old Central Excise Act

Ahead of the formation of the new Government, the Central Board of Indirect Taxes and Custom (CBIC) on Tuesday released draft of new Bill to amend the Central Excise Act. The proposed Bill, once enacted, will replace 8 decades' Act - the Central Excise Act.

"The Bill aims to enact a comprehensive modern Central Excise law with an emphasis on promoting ease of doing business and repealing old and redundant provisions," a statement issued by the CBIC said. The Bill comprises twelve chapters, 114 (one hundred and fourteen) sections and two schedules.

The existing Act has 11 chapters with over 110 Sections and 4 Schedules. Post introduction of GST, Central Excise is levied mainly on petroleum products.

As a part of pre-legislative consultative process, CBIC said that stakeholders can send their comment by June 26. The Bill is available on the website of CBIC.

Gunjan Prabhakaran, Partner & Leader (Indirect Tax) with, BDO India said that the draft indicates the Government's intention to revisit the provisions of the existing Central Excise Act while also working on consensus for introducing GST on all products, including petroleum products, which are still not covered under the GST ambit.

"The industry should take this opportunity to look at the draft law closely and provide suggestions to the CBIC on any areas, where it is needed. Considering the time of release of draft law for comments and the timeline for submission of comments, it appears to be likely that this new bill might be introduced in the upcoming budget session, which would be first for the new Government, itself," she said.

Source: thehindubusinessline.com– June 04, 2024

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Container freight rates for Indian exports experience fluctuations

Container freight rates for exports from India have experienced fluctuations, as detailed in Container News' analysis of May market data.

On the India-Europe westbound route, rates showed mixed trends with a decrease in 40-foot container rates to the UK, while maintaining previous levels for 20-foot containers. Similarly, rates to Rotterdam remained stable for 20-foot containers but saw a decrease for 40-foot containers. A decline was also observed in rates for West India to Genoa bookings.

Conversely, import rates into India from Europe and the Mediterranean have decreased. The analysis highlighted a notable drop in rates from Felixstowe/London Gateway and Rotterdam to West India, as well as from Genoa to West India.

The India-US trade lane also saw significant rate adjustments. While rates from West India to the US East Coast and West Coast adjusted downwards from their previous highs, they increased slightly for the latter. The US Gulf Coast to West India rates experienced a decrease.

On the return leg from the US to India, short-term contract rates showed a cooling trend for the East Coast but remained steady for the West Coast and Gulf Coast to West India shipments.

Intra-Asia trades out of India continued to face challenges with some routes reporting negative territory rates, particularly to China and Singapore, although slight improvements were noted for shipments to Jebel Ali.

Despite these freight rate challenges, India's export sector has shown resilience with a slight increase in exports by value at the start of fiscal year 2024-25. The Federation of Indian Export Organisations (FIEO) highlighted the impact of global geopolitical tensions on trade but remained optimistic about future growth, especially with potential opportunities arising from the US-China tariff war and the need for supportive measures for the export sector.

Source: freshplaza.com– June 04, 2024

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The greening of farm subsidies

India's agricultural subsidies played a vital role in boosting food production in the country, from about 50 million tonnes in 1950-51 to a record 330 million tonnes in 2022-23. However, the subsidies, intended to incentivise farmers for adopting new technology, chemical inputs, machinery etc., have led to inefficiencies in input use, over-exploitation of groundwater and environmental pollution across the globe.

According to the World Bank's latest report, 'Recipe for a Livable Planet' released in May 2024, inefficient use of input subsidies has resulted in reduced global freshwater supplies and increased aquatic nitrogen pollution to an extent of about 17 per cent during the last 30 years.

Similarly, in India, continuous cultivation of rice supported by free electricity and assured procurement at support prices has led to over-exploitation of groundwater in major producing States. The extraction of groundwater surpassed its recharge substantially to the extent of about 165 per cent in Punjab and 134 per cent in Haryana, according to the National Compilation on Dynamic Ground Water Resources of India, 2023, Ministry of Jal Shakti.

In addition, inefficient use of input resources also contributed for increased greenhouse gas (GHG) emissions from agricultural production. As a result, India emerged as the third largest Agrifood System emitter in the world after China and Brazil, as per the World Bank's report. There is, therefore, an urgent need for policy measures to devise requisite strategies for reorienting agricultural subsidies to promote sustainable production practices for efficient input use, enhancing yields and reduce environment pollution.

Towards this, it is vital to rationalise input subsidies for optimal use of fertilizers and irrigation water. The application of chemical fertilizers has increased manifold from about 2 kilogram per hectare (kg/ha) on average in the early 1960s to about 141 kg/ha in 2022-23, according to The Fertiliser Association of India.

Further, fertilizer application is more than 200 kg/ha in major producing States like Andhra Pradesh with 242 kg/ha, Punjab with 241 kg/ha, Telangana with 229 kg/ha and Haryana with 205 kg/ha.

Declining yield

In this regard, it is important to note that yield responsiveness of one kg of fertilizer has declined significantly from about 13.5 kg grain in 1970s to about 3.7 kg grain in 2000s. Research suggested that continuous excess application of chemical fertilizers has led to sulphur accumulation, which could limit the usage of other nutrients, thereby reducing fertilizer responsiveness. Hence, there is an urgent need to rationalise fertilizer subsidy with direct benefit transfer to farmers in accordance with crop specific recommended doses and soil fertility status using soil health cards. In addition, judicious use of chemical fertilizers together with organic manures will help in reducing chemical pollution, cost of cultivation and improving incomes of farmers.

Further, subsidies in the form of free electricity for irrigation and guaranteed procurement at support prices have resulted in extensive cultivation of rice and sugarcane replacing crops with low water requirement like nutri-cereals, pulses and oilseeds.

Furthermore, flood irrigation method of rice cultivation is leading to over-exploitation of groundwater and increased GHG emissions. The emissions from rice cultivation accounted for about 17.4 per cent of total GHG emissions from agriculture sector in the country, according to the India Third National Communication submitted to The UN Framework Convention on Climate Change (UNFCCC) in December 2023.

Considering the crucial position of rice in India's food security and dwindling groundwater resources, there is an urgent need to devise measures to promote innovative rice cultivation practices that can reduce water use without affecting yields.

Towards this, Sustainable Rice Project conducted by the International Finance Corporation (IFC) and Olam in Haryana indicated that use of climate-smart sustainable rice cultivation practices has helped reduce water requirement by 15-20 per cent without reducing yield in 2020. Such innovative technology and cultivation practices need to be customised and promoted for widespread adoption across the country.

Indian agriculture is extremely vulnerable to climate change and weather aberrations with rainfed cultivation accounting for more than 50 per cent of area and 40 per cent of output. A 6 per cent below normal rains in kharif 2023-24 resulted in a fall in output of oilseeds by 11.5 per cent, pulses by

10 per cent and cereals by 6 per cent according to second advance estimates of the Ministry of Agriculture.

Under such a situation, it is imperative to reorient agricultural subsidies to promote sustainable production practices for improving input use efficiency, enhancing incomes, reducing pollution and enabling adaptation to climate change towards future food security.

Source: thehindubusinessline.com– June 03, 2024

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Unicommerce lines up new solutions for e-commerce firms

Unicommerce, an e-commerce enablement solution platform, has enhanced its product portfolio by introducing solutions such as reconciliation tool UniReco, post-shipment solution UniShip and a generative AI tool UniGPT.

With the growing demand from the sector, Unicommerce offers a comprehensive technology stack which enables the brands to get all related technology solutions in one place.

Kapil Makhija, MD and CEO, Unicommerce said, “While e-commerce is inherently driven by technology, traditional businesses too are now leveraging technology solutions to establish and grow their digital operations in order to connect with online users.”

Legacy brands including Cello, Fabindia, TCNS and Emami among others which primarily focused on their offline business are now leveraging their online verticals via an omnichannel approach, he added.

The simplicity and convenience of e-commerce where everything is a click away and delivered at consumers doorstep is enabled by a sophisticated layer of interconnected technology solutions.

An endless catalogue, availability across platforms and brand websites, fast shipping and en-route tracking, managing inventory across multiple warehouses, tracking payments and reconciliations are all key e-commerce operations which are powered by technology.

Unicommerce has been adopted by many leading brands such as Lenskart, Zivame, Mamaearth, SUGAR Cosmetics, BoAt Lifestyle, Portronics, Pharmeasy, GNC, Urban Company, Mensa and GOAT among others.

As of September-end last year, Unicommerce has achieved a over 750 million annual transaction run-rate, serving over 3,500 customers, managing over 8,000 warehouses and processing orders from over 1,900 stores through its platform.

Unicommerce has become one of the preferred choices, with a network integration across 124 marketplaces and carts, including Flipkart, Nykaa, Meesho, Shopify, Snapdeal and others, 94 logistics partners including Delhivery, Shiprocket, Xpressbees and, 11 ERPs, PoS and other system integrations such as Ginesys and Wondersoft.

Building on its position in India, Unicommerce has established its footprint across the Middle East and Southeast Asian region.

Source: thehindubusinessline.com– June 04, 2024

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