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INTERNATIONAL NEWS

German economy regains footing after 2-yr weakness period: Bundesbank

The German economy is slowly regaining its footing after a roughly two-year period of weakness, and the gross domestic product (GDP) is expected to grow again somewhat this year and then increase in a stronger manner in the following years, according to the Deutsche Bundesbank's current forecast for the country.

It is extricating itself from the period of economic weakness, the German central bank president Joachim Nagel said in a release.

Not only will private consumption gradually pick up again, but export business will also improve again from the second half of the year. Against this backdrop, industry will also grow stronger again.

Consumption and exports will drive the economic recovery over the next two years as well.

Households are benefiting from strong wage growth, a gradual decline in inflation and a stable labour market, Nagel explained.

"While the inflation rate in Germany is continuing to decline, the pace is subdued. We on the ECB [European Central Bank] Governing Council are not driving on auto-pilot when it comes to interest rate cuts," he said.

The forecast says real GDP in Germany will rise by a calendar-adjusted 0.3 per cent this year. In 2025 and 2026, the German economy will then grow by 1.1 per cent and 1.4 per cent respectively.

Experts at the bank are expecting inflation as measured by the harmonised index of consumer prices (HICP) to decline from an annual average of 6.0 per cent last year to 2.8 per cent this year, up from the 2.7 per cent the Bundesbank had been expecting in December.

Energy and food price inflation in particular is likely to ease considerably this year. However, inflation is proving to be stubborn, especially in the case of services, where strong wage growth and the resulting cost pressures are major factors.

Negotiated wages are expected to rise particularly sharply this year and continue to see strong growth thereafter. Energy price inflation will also pick up again somewhat.

The Bundesbank's experts are expecting headline inflation to decline slightly to 2.7 per cent in 2025, before dropping more sharply to an average of 2.2 per cent in 2026. Core inflation (the rate excluding energy and food) is expected to decrease only hesitantly, falling to 3.1 per cent this year, 2.5 per cent in 2025 and 2.3 per cent in 2026.

The forecast for Germany sees public finances improving, with the government deficit ratio expected to shrink from 2.5 per cent last year to 1.1 per cent in 2026. Until 2025, this will be due to the expiry of fiscal crisis assistance measures.

Source: fibre2fashion.com– June 10, 2024

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Eurozone economy sees 3rd straight month of rising biz activity in May

The eurozone's economy recorded a third successive month of rising business activity during May this year, with growth accelerating to a one-year high, according to the latest purchasing managers' index (PMI) data from the Hamburg Commercial bank (HCOB) compiled by S&P Global.

Stronger demand conditions supported greater output and hiring, while business confidence also improved for the seventh time in the past eight months.

As for trends in prices, the latest survey results showed input cost and output charge inflation rates cooling, but still running above their respective pre-pandemic averages, an S&P Global release said.

The seasonally-adjusted HCOB eurozone composite PMI output index—a weighted average of the HCOB manufacturing PMI output index and the HCOB services PMI business activity index—increased in May, as has also been the case throughout this year so far, to a one-year high of 52.2, from 51.7 in April.

Overall, this indicated the strongest increase in euro area economic activity since May 2023, and one that was only narrowly softer than seen on average since data were first available in 1998.

Of the top-four eurozone economies, France was the outlier in May as a marginal and renewed contraction in private sector activity contrasted with growth in Germany, Spain and Italy.

Spain's position as the top performer was solidified as economic growth here was sharp, quickening to a 14-month high.

The bloc's largest economy, Germany, also registered a marked upturn, with output volumes rising at the fastest pace for a year.

On the other hand, Italy's expansion lost momentum, cooling to its weakest since February.

Stronger demand conditions were a key reason behind May's upturn in business output across the euro area.

Total new order intakes rose for a second month in succession and at the quickest rate since April 2023. The downturn in factory orders cooled markedly from the previous month.

The latest survey data suggested that improved sales performances were restricted to domestic markets, as new business received from abroad declined in line with the trend since March 2022.

Confidence in the year-ahead outlook for business activity strengthened further in May after April's fractional setback. Overall, growth expectations have improved in seven of the last eight months.

The level of positive sentiment was at its highest since February 2022 and well above its long-term average.

Eurozone companies raised employment for a fifth consecutive month. The rate of job creation matched that seen in April and was, therefore, the joint-fastest since June 2023.

Meanwhile, prices gauges signalled cooling inflationary pressures across the eurozone midway through the second quarter this year.

However, the increase in input costs remained sharp and well above its pre-pandemic average. It was a similar picture for output prices: the rate of inflation in selling charges eased to a six-month low, but remained considerably steeper than that seen on average prior to 2020.

Source: fibre2fashion.com– June 08, 2024

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Drewry WCI further increases; container freight rises 12% this week

The Drewry World Container Index (WCI) increased further by 12 per cent to $4,716 per 40ft container this week ending June 6, and has increased 181 per cent when compared with the same week last year.

According to the latest container freight index released on Thursday by Drewry, the latest WCI composite index of $4,716 per 40ft container is 232 per cent more than average 2019 (pre-pandemic) rates of $1,420.

The average composite index for the year-to-date is $3,384 per 40ft container, which is $654 higher than the 10-year average rate of $2,730 (which was inflated by the exceptional 2020-22 COVID-19 period).

The freight rates from Shanghai to Genoa increased 17 per cent or $971 to $6,664 per 40ft container. Similarly, rates from Shanghai to Rotterdam increased 14 per cent or $762 to $6,032 per FEU (Forty-foot Equivalent Unit). Likewise, rates from Shanghai to Los Angeles increased 11 per cent or $585 to $5,975 per 40ft box. Also, rates from Shanghai to New York rose 6 per cent or $379 to $7,214 per 40ft box.

Conversely, rates from Rotterdam to Shanghai decreased 5 per cent or $35 to $642 per FEU. Also, rates from Rotterdam to New York dropped 4 per cent or $86 to $2,136 per 40ft container. Meanwhile, rates from Los Angeles to Shanghai and New York to Rotterdam remained stable. Drewry expects freight rates ex-China to continue rising next week due to the onset of the early peak season.

Container freight rates were fuelled after intensified attacks in the Red Sea region by Houthi rebels amid the Israel-Hamas conflict. The upward trend has continued this week also. The attacks forced carriers to reroute ships through the African Cape of Good Hope, causing delays in shipments and increasing freight charges. Seasonal impact was also visible in hike of freight rates.

Source: fibre2fashion.com– June 07, 2024

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US cotton exports down 38% in week ending May 30: USDA

Net export sales of US' Upland totalled 138,700 RB (running bales, each weighing 226.8 kg or 500 pounds) for 2023-24 were down 38 per cent from the previous week and 34 per cent from the prior 4-week average.

According to the export sales report from the US Department of Agriculture (USDA) for the week ended May 30, the export sales increased primarily for China (71,700 RB, including 1,100 RB switched from Hong Kong and 100 RB switched from Singapore), Pakistan (28,200 RB), Vietnam (25,100 RB, including 400 RB switched from South Korea), El Salvador (3,700 RB), and Bangladesh (3,400 RB). The increases were offset by reductions for Hong Kong (1,100 RB), Taiwan (1,100 RB), South Korea (400 RB), and Singapore (100 RB).

For the next season 2024-25, the net sales of 54,100 RB (during the week ending May 30) were noted primarily for Mexico (28,700 RB), Vietnam (21,100 RB), South Korea (3,300 RB), Pakistan (2,200 RB), and China (2,200 RB). The increases were offset by reductions for Turkiye (4,400 RB) and Honduras (200 RB).

The exports of 157,000 RB (so far for 2024-25) were down 9 per cent from the previous week and 27 per cent from the prior 4-week average. The destinations were primarily to China (56,200 RB), Mexico (15,400 RB), Turkiye (14,600 RB), Pakistan (14,400 RB), and Vietnam (10,500 RB).

Net sales of Pima cotton totalled 2,000 RB for 2023-24 which were down 63 per cent from the previous week and 68 per cent from the prior 4-week average. The increases were reported for Pakistan (900 RB), Bangladesh (400 RB), Peru (400 RB), India (200 RB, including decreases of 1,200 RB), and Vietnam (100 RB).

The exports of Pima cotton for 2024-25 reached 8,100 RB, up 29 per cent from the previous week, but down 2 per cent from the prior 4-week average. The destinations were primarily to India (2,700 RB), Ethiopia (1,700 RB), Pakistan (1,000 RB), Vietnam (900 RB), and Brazil (400 RB).

Source: fibre2fashion.com– June 07, 2024

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Retail trade volume declines in euro area & EU in April 2024

The seasonally adjusted retail trade volume in April 2024 decreased by 0.5 per cent in the euro area and by 0.6 per cent in the European Union (EU) compared to March 2024, according to the first estimates from Eurostat, the statistical office of the EU. This decline follows a period of growth in March 2024, where retail trade volume increased by 0.7 per cent in the euro area and by 0.6 per cent in the EU.

On an annual basis, the calendar adjusted retail sales index in April 2024 remained stable in the euro area and showed a slight decrease of 0.1 per cent in the EU compared to April 2023.

In the euro area, the volume of retail trade in April 2024 compared with March 2024 decreased across various sectors. Non-food products (excluding automotive fuel) decreased by 0.1 per cent. In the EU, retail trade volume for non-food products (excluding automotive fuel) remained stable, as per Eurostat.

Among the member states with available data, Latvia experienced the largest monthly decrease in total retail trade volume at 3.3 per cent, followed by Cyprus at 3.1 per cent, and Denmark at 2.7 per cent. Conversely, the highest increases were recorded in Slovakia with a 2.4 per cent rise, followed by Bulgaria and Austria both at 1.9 per cent, and Portugal at 1.7 per cent.

Comparing April 2024 with April 2023, the euro area saw an increase of 0.4 per cent for non-food products (excluding automotive fuel). In the EU, the volume of retail trade increased by 0.1 per cent for non-food products (excluding automotive fuel).

Among the member states with available data, Poland experienced the largest annual decrease in total retail trade volume at 7.3 per cent, followed by Belgium at 5.8 per cent, and Estonia at 4.9 per cent. On the other hand, the highest annual increases were observed in Bulgaria and Romania, both at 9.8 per cent, followed by Croatia and Slovakia, both at 8.6 per cent, and Luxembourg at 7.3 per cent.

Source: fibre2fashion.com– June 08, 2024

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EU nations' 2023 environmental protection investment $73 bn: Eurostat

European Union (EU) countries invested about €67 billion (~$73 billion) last year into assets essential to provide environmental protection services, according to estimates by the bloc's statistical agency Eurostat.

These services included wastewater treatment plants, vehicles to transport waste, acquisitions of land to create a natural reserve and cleaner equipment for production.

About €40 billion (~$43.53 billion, or 60 per cent of total environmental protection investments) was by corporations, both the specialist providers of environmental protection services and other companies that purchase technologies and equipment reducing the environmental pressures arising from their production process.

The general government and non-profit sector accounted for the remaining 40 per cent investments, an Eurostat release said.

The share of environmental protection investments in total investments was about 1.8 per cent in 2023. More specifically, 1.7 per cent of all investments of corporations were environmental protection investments, and 4.5 per cent of all general government investments.

The largest amount of investments was related to wastewater and waste management services. In 2023, they accounted for 41.6 per cent and 26.6 per cent of the total investments for environmental protection respectively.

Air protection accounted for 10.4 per cent of investments for environmental protection. General environmental administration, research and development and protection against radiation accounted for 8.4 per cent.

Biodiversity and landscape protection accounted for 6.4 per cent; soil and groundwater protection for 5.6 per cent and noise reduction for the remaining 1.1 per cent.

Source: fibre2fashion.com– June 08, 2024

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Booming secondhand apparel market in North America a sustainable and cost-conscious trend

The secondhand apparel industry in the US and Canada is experiencing growth in popularity, driven by a combination of factors including sustainability, affordability, and convenience.

A recent study by Future Market Insights (FMI), the market is expected to grow at a compound annual growth rate (CAGR) of 12.3 per ent from 2023 to 2033, reaching $89.6 billion by 2033. This significant growth reflects a major shift in consumer behavior and the increasing appeal of secondhand clothing.

Sustainability in focus

A key driver of this growth is the rising consciousness about sustainable fashion. Consumers are actively seeking alternatives to fast fashion, which is notorious for its environmental impact.

Secondhand clothing offers a more eco-friendly option by extending the life cycle of garments and reducing textile waste. This resonates with environmentally conscious consumers, particularly millennials and Gen Z, who are driving the demand for sustainable practices.

Cost-effectiveness a major allure

Secondhand apparel offers significant cost savings compared to buying new clothes. This affordability is a major draw for budget-conscious consumers seeking quality brands and designer items at a fraction of the original price. This trend is particularly relevant in a time of economic uncertainty.

Also, secondhand platforms boast of a wide variety of clothing options, encompassing diverse styles, brands, and sizes. This caters to a wider range of tastes and preferences, allowing consumers to express their individuality and create unique looks.

Thrifting and shopping secondhand have become a way to discover unique pieces and curate a personalized style.

The rise of online platforms

The convenience and accessibility offered by online platforms have significantly pushed up market growth. Shoppers can now browse and purchase secondhand clothing from the comfort of their homes. This shift to e-commerce has made secondhand shopping more accessible than ever before.

Rental services, a new dimension

The emergence of rental and subscription services is adding another dimension to the secondhand market. These services allow customers to enjoy a rotating wardrobe without the commitment of ownership. This caters to a growing desire for flexibility and experimentation with fashion trends.

The US currently dominates the secondhand apparel industry in North America, with Canada holding a smaller but growing share. The market is witnessing increased competition as established players, online platforms, and even traditional retailers are entering the secondhand space, offering a wider selection for consumers.

Collaborations, product launches, and acquisitions are becoming commonplace as companies strive to gain a foothold in this rapidly growing market.

Looking ahead, the secondhand apparel industry in the US and Canada is poised for continued growth. With the increasing focus on sustainability, affordability, and convenience, secondhand clothing is becoming a mainstream choice for consumers. This trend is likely to be further fueled by advancements in technology and innovative business models within the industry.

Source: fashionatingworld.com– June 10, 2024

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Việt Nam has no comprehensive industrial development policy: Minister

Việt Nam does not yet have a comprehensive and inclusive industrial development policy like developed economies do, according to Minister of Industry and Trade Nguyễn Hồng Diên.

At the minister's questions and answers session last week, many National Assembly deputies asked about implementing incentives to draw investment into the industrial sector, including the supporting and mechanical industries.

Supporting industries are considered necessary to restructure the industrial sector and promote rapid growth in a period of new development. At the same time, they will help create an ecosystem closely linking foreign direct investment (FDI) enterprises and domestic ones.

Minister Diên said that the processing and manufacturing sector, including supporting industries and the mechanical industry, has affirmed its leading role in industrial production growth.

The localisation rate has been increased in many industries. Textiles, garments and footwear have reached a 50 per cent localisation rate, while mechanical engineering has achieved more than 30 per cent.

Domestically-produced components and mechanical products have so far met 80-90 per cent of local production needs in the motorbike industry, 15-40 per cent of the automobile industry and 40-60 per cent of the agricultural machine industry.

These results have contributed to gradually reducing dependence on imported materials and spare parts and have helped develop Việt Nam's industrial sector, Diên said.

"Many enterprises in supporting industries have become suppliers to multinational corporations, participating in the global production and supply chain. The development of this sector has contributed to attracting global corporations to invest in expanding factories and forming research and development (R&D) centres in Việt Nam," said Diên.

However, the minister also frankly admitted that some domestically-produced industrial products have still achieved lower development than general growth targets. These include electronics and telecommunications products, which have met about 15 per cent of domestic demand, as well as high-tech products, which have met 10 per cent of the demand.

A member of the National Assembly said that over the years, Việt Nam has implemented many policies to improve the competitiveness of supporting industries, but currently Việt Nam still depends on FDI enterprises, which account for over 70 per cent of export value in the industrial sector.

Deputy Prime Minister Trần Hồng Hà responded that after reviewing existing policies to attract foreign investment, technology transfer and development of ecosystems that help Vietnamese enterprises participate in this supply chain are still limited.

'We must seriously review this and find out the shortcomings. When granting investment licences for foreign investors, we must also ask them to commit to using modern technology in projects in Việt Nam, and must have a roadmap on technology transfer in Việt Nam," said Hà.

Some areas that are ripe for ecosystem development include the renewable energy industry, the high-speed rail industry, urban railways and digital industries such as semiconductors. Developing these areas would help small and medium-sized enterprises access financing, especially for workforce training and market research needs.

Meanwhile, analysing the causes, Minister Diên said the State's resources for these industries are limited and they are difficult to access.

In addition, policies attracting FDI have not encouraged the development of links between FDI enterprises with domestic enterprises.

Moreover, it is difficult to find foreign investors in supporting industries and the mechanical industry, because they need large capital but have a small market. Việt Nam has also developed these two industries later than other countries, making it tough to compete.

Coordination in implementing policy between levels of authorities, sectors, agencies and businesses is also not very good, so even with development policies, enterprises may still have difficulty with access.

Key industries

Implementing the Prime Minister's Decision 68 on the supporting industries development programme, the Ministry of Industry and Trade continues to work with relevant ministries to complete policy synchronisation, including research on building the Law on Key Industrial Development. This law covers the mechanical manufacturing, processing, electronics, chemicals and energy industries, which are currently considered the foundation of Việt Nam's industry and also the driving force for the industrialisation and modernisation of the country.

“The Ministry of Industry and Trade will focus on some main areas, including spare parts and components for machinery and equipment and supporting industries for the textile, garment, footwear and high-tech industries," said Diên.

The ministry will pour resources into developing those fields, while effectively implementing preferential policies for them. It will also implement supportive programmes and activities to improve the production capacity of Vietnamese enterprises.

Focus will also be placed on training and providing a quality workforce for the businesses, especially cooperating universities and colleges in the industry and trade sector and other vocational schools, he said.

Meanwhile, to achieve the goal of producing 65 per cent of mechanical and supporting industry products for domestic demand, Diên said that aside from synchronising existing policies, the Government needs to put more resources into developing supporting industries and strengthen coordination between central and local governments to implement policies smoothly. VNS

Source: vietnamnews.vn– June 10, 2024

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FibreTrace Partners with Target and Cargill for Real-Time Verification of U.S. and Brazilian Cotton

FibreTrace, a real-time verification solution for fiber integrity, is partnering with Target Corp. and Cargill in a shared commitment to cotton sustainability and transparency in the apparel and home products industries.

FibreTrace integrates luminescent pigments into raw cotton during the ginning process, creating a unique signature that allows the pigments to be tracked and identified across the global supply chain. By leveraging FibreTrace's technology, Target Corp. can trace and verify the origin of fiber in real-time, promoting accountability throughout the global textile supply chain and increasing the value of digital-only traceability solutions.

The partnership will mark 50,000 metric tons of U.S. and Brazilian raw cotton in the first year, after first marking U.S. cotton in November 2023. This collaboration is set to pave the way for real-time verification of U.S. and Brazilian cotton, ensuring trust and credibility throughout the entire production lifecycle.

"FibreTrace is thrilled to partner with Target and Cargill to deliver innovation, transparency, and fiber integrity for U.S and Brazilian cotton," says Mitch Standen, Head of Americas for FibreTrace.

"We hope this partnership will inspire a ripple effect of change, demonstrating to other companies what is possible," adds Danielle Statham, Founder & Managing Director of FibreTrace. "We encourage the level of traceability this partnership provides to customers for other brands to follow our lead."

FibreTrace uniquely connects physical and digital traceability to provide unparalleled results, starting with the integration of patent luminescent pigments into the raw cotton at ginning, imparting a unique signature on the fiber.

Pigments are then scanned and tracked at each point across the supply chain with real-time onsite identification and verification. Data is securely uploaded to Blockchain and shared through the FibreTrace platform or a digital platform of the brand's choice.

“Achieving full visibility to where the cotton used to produce our products is grown is among the top priorities of our sustainability goals,” says Bill Foudy, Senior Vice President, and President, Owned Brands, at Target. “Our partnership with FibreTrace and Cargill is an important step to improve traceability for the industry and will enable us to accelerate those efforts with our suppliers.”

The three-way collaboration represents a significant milestone for the cotton and textile industries, opening a pathway for brands to gain access to real-time verification, enabling substantiation of U.S. and Brazilian cotton claims, authenticating the origin of the fiber, and instilling trust and confidence in consumers.

“Cargill plays a crucial role as the supply chain partner, ensuring FibreTrace is implemented in our process at the gin and then delivering that specific cotton to Target,” says Matt Dunbar, Managing Director, Cargill Cotton. “We are excited to have the opportunity to build a traceable supply chain that helps Target pinpoint where their cotton is sourced, building on the technology provided by FibreTrace.”

Source: cottongrower.com– June 06, 2024

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Global air cargo market set for double-digit growth in 2024: Xeneta

The global air cargo market is poised for double-digit growth in volumes in 2024, following a notable 12 per cent year-on-year (YoY) increase in demand in May, according to the latest data analysis by Xeneta. This promising outlook contrasts with the conservative, low single-digit growth forecasts made at the end of last year, as the market has experienced six consecutive months of extraordinary regional demand for cargo capacity.

In May, the global air cargo spot rate saw its second consecutive monthly growth, rising by 9 per cent YoY to $2.58 per kg, and increasing by 5 per cent month-on-month. The most significant YoY rate increase was observed in the Middle East & Central Asia to Europe corridor, where the spot rate surged by 110 per cent to $3.21 per kg due to ongoing disruptions in the Red Sea. Spot rates from Southeast Asia and China to North America also saw significant rises, up by 65 per cent and 43 per cent to $4.64 per kg and $4.88 per kg respectively. The China-Europe spot rate recorded a 34 per cent YoY increase to $4.14 per kg, as per Xeneta.

“In terms of growth data, analysts sometimes say ‘once is an incident, twice is a coincidence, and three-times is a pattern’. In the world of air cargo, there’s an undeniable pattern emerging. We can’t use the word ‘surprising’ anymore. When we take a mid-term view of the market, with these kinds of numbers, we might be on track for double-digit growth for the year. It is now a possible scenario,” says Xeneta’s chief airfreight officer, Niall van de Wouw.

Xeneta's dynamic load factor, a measure of cargo capacity utilisation based on volume and weight of cargo flown alongside available capacity, remained largely unchanged month-on-month at 58 per cent in May, but increased by 3 per cent YoY.

However, not all regions experienced growth. Spot rates from North America and Europe to China fell by 32 per cent and 23 per cent YoY respectively in May, to $1.61 and $1.65 per kg. The Transatlantic market also suffered, with freight rate declines in both the front and backhaul lanes due to increased belly capacity from summer passenger travel. The Europe-North America spot rate declined by 21 per cent to $1.77 per kg in May compared to the previous year, while the eastbound North America-Europe corridor spot rate was 16 per cent lower at $1.08 per kg.

Looking ahead to the second half of the year, Wouw, highlighted positive market indicators. A bright outlook for Q4 2024 may be on the horizon, potentially bolstered by a threefold increase in ocean container shipping spot rates from the Far East to North Europe and the US West Coast compared to the previous year. This increase, driven by port congestion and disruptions in the Red Sea, could narrow the cost gap for shippers considering a shift to air cargo.

Despite these developments, Xeneta notes that a major shift of volume from ocean to air is unlikely. The current cost spikes are more likely due to shippers frontloading imports ahead of the ocean peak season to mitigate supply chain disruptions, rather than a long-term shift in shipping preferences.

China's cargo market to North America continues to benefit from the resilient US economy and strong e-commerce demand. However, the air cargo industry faces uncertainty with the recent US crackdown on e-commerce shipments out of China, raising questions about future demand dynamics in this key trade lane.

Source: fibre2fashion.com– June 10, 2024

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Bangladesh falls behind in bagging US garment work orders

Bangladesh is lagging far behind others in seizing US garment work orders shifting from China, which industry insiders attributed to a number of factors like inefficiency, long lead time and energy crisis.
FE

Data available with the Office of Textiles and Apparel (OTEXA), a body under the American Commerce Department, also indicated the same trend that showed Vietnam has surpassed China in garment shipments to the US during the first four months of 2024.

On the other hand, Bangladesh sustained double-digit negative growth, 14.44 per cent to US market, to fetch $2.30 billion during the period in question. The country's slump is evident in both the value and volume of exports.

During the January-April period of 2024, Bangladesh shipped 8.26 per cent fewer garments, which is 763.35 million square metres, compared to the previous year's 832.06 million square metres.

US import figures show Bangladesh's key ready-made garment competitors China and Vietnam outperformed Bangladesh while exporters list a number of domestic issues like long lead times, inconsistent energy supplies and an overall high cost of doing business for their loss of export share in the US market.

These same factors, they say, give Vietnam an advantage in the American market.

US apparel imports from Vietnam totalled $4.38 billion in the January-April period this year, marking a slight 0.31 per cent growth, show OTEXA figures released on May 06.

In contrast, China's apparel exports to the US saw a decline of 4.43 per cent to $4.32 billion.

However, overall US apparel imports fell by 6.0 per cent to $23.68 billion in the first four months of 2024, down from $25.20 billion in the same period of 2023.

Talking to the FE, a number of exporters have opined that buyers are now expressing concern over energy security of the country, saying that labour and energy are one of major two strengths that helped the sector grow.

Asif Ashraf, managing director of Urmi Garments Ltd, said, "We can't grab the work orders of US buyers shifting from China mainly because of inefficiency, absence of aggressive marketing there and also energy crisis."

Buyers are now expressing concern over energy security as there is gas and electricity problems and factories can't use full of their production capacity, he noted.

Mr Ashraf, also a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the government should give strong attention to the issue.

Many Chinese people are investing in Vietnam and Vietnam has been taking most advantage from China shifting with rising exports to the US market, he observed.

When asked, Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said buyers are now placing orders with shorter lead times due to various factors. This situation puts China and Vietnam, with their shorter lead times and more consistent energy supplies, in a more advantageous position.

Exporters are struggling to meet lead times for current work orders due to a severe gas crisis, he told The FE on Saturday. He also said that meeting production timelines is difficult as they require 15-20 days to obtain fabric due to gas and electricity shortages.

Bangladesh also cannot receive all materials efficiently due to the lack of a deep-sea port, further delaying import and export activities. The BKMEA leader said high production costs due to rising gas prices, recent wage hikes and anticipated electricity rate increases are eroding their competitiveness.

"In many cases, we can't receive the work orders as buyers offer prices below the production costs," he noted. He alleged that they also face difficulties due to non-cooperation from banks. "In such a situation, how Bangladesh could be competitive?" he posed a question.

Mr Hatem also opines that Bangladesh also lags behind Vietnam in grabbing shifted work orders from China due to their advantageous position of short lead time, lower duty to US market, good connectivity with China while many Chinese people invested in Vietnam.

OTEXA data shows that the US RMG imports from Cambodia rose by 7.92 per cent to $1.02 billion in the January-April period compared to the same period in 2023. India's RMG exports to the US market declined by 5.02 per cent to $1.66 billion and Indonesia recorded an 8.46-percent fall to $1.38 billion during the period.

Source: thefinancialexpress.bd– June 09, 2024

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Bangladesh: Formulate LDC graduation strategy in line with the 9th Five-Year-Plan: Speakers

Bangladesh should formulate its strategy for LDC graduation in line with the country's upcoming 9th Five-Year-Plan, experts and policymakers said at a workshop in Dhaka on Sunday.

Speakers also said that such a strategy should be aligned with the country's long-term development goals with a view to avoid the Middle Income Trap.

Their observations came during the Technical Level Workshop on Smooth Transition Strategy (STS). Economic Relations Division (ERD) and the United Nations Department of Economic and Social Affairs (UN DESA) jointly organised the workshop.

Finance Minister Abul Hassan Mahmood Ali was present at the inaugural session of the workshop as the chief guest.

State Minister for Finance Waseqa Ayesha Khan and the Secretary of the Ministry of Commerce Md Selim Uddin attended the event as special guests.

UN Resident Coordinator in Bangladesh Gwyn Lewis was the guest of honour. ERD Secretary Md. Shahriar Kader Siddiky chaired the event.

Bangladesh met all the criteria for graduation from the LDC status in the consecutive 2018 and 2021 triennial reviews of the Committee for Development Policy (CDP) of the United Nations. Following a five years' preparatory period, Bangladesh will graduate from the LDC status in November 2026.

It is recommended by the United Nations that a graduating LDC should prepare a national Smooth Transition Strategy (STS) during the preparatory period in cooperation with its development and trading partners and with targeted assistance from the UN system.

Accordingly, Bangladesh has recently started the process of STS formulation in collaboration with UN DESA. As part of this process, the technical workshop was organised to share the draft STS as well as the

associated action plan with the relevant stakeholders and to receive their feedback and recommendations.

Speaking on the occasion, the finance minister said Bangladesh could overcome all the challenges if the right policies and strategies are put in place.

“Our strengths lie in our hardworking people, vibrant entrepreneurs, the young generation and people-friendly government under the leadership of Hon’ble Prime Minister Sheikh Hasina,” the finance minister said.

The state minister for finance, in her speech, said that the STS should promote structural transformation to avoid the Middle Income Trap. She also observed that the STS should be aligned with our long-term development goals.

Source: thefinancialexpress.bd– June 09, 2024

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NATIONAL NEWS

Economists expect big bang reforms to continue under Modi 3.0

Narendra Modi, elected leader of the National Democratic Alliance (NDA) will take oath as India's prime minister for a historic third term on Sunday evening at 7:15 PM. After a decade of full majority governance, Modi will now run a coalition government, with the Telugu Desam Party and Janata Dal (United) as key partners.

Despite being in coalition, experts feel that there won't be much change in the new government's economic agenda. Economists believe that Modi 3.0 will not slow down the reforms and to achieve the goal of Vikshit Bharat by 2047, economic reforms and policy reviews need to be continued across multiple sectors, including infrastructure, labour, and manufacturing

These reforms are deemed essential to drive economic growth and development in India."The oft-repeated target of becoming a developed country by 2047 requires far-reaching reforms in the factor market, opening up of the economy and infrastructure development and a thrust towards labour intensive manufacturing.

In a coalition environment it may not be easy to carry out big bang reforms, but the thrust of incremental reforms should be in this direction," said M Govind Rao, Member, Fourteenth Finance Commission and former Director, National Institute of Public Finance and Policy.

Economists have noted that spending on populist measures will increase because of coalition politics, however, the government will continue with its focus on "Made In India" reforms. Sectors like infrastructure and manufacturing will remain the priority of the government. "There's likely to be a swerve towards greater populist spending and some commitment of resources to states of alliance partners is also likely.

But India's public finances are in relatively robust health and to be augmented by significant reserves from the RBI. India's infrastructure spending will continue apace but perhaps with greater private sector participation.

Expenditure on defence modernisation and indigenisation will also undoubtedly continue" said Gautam Sen, retired political economist London School of Economics and author, Former member of the Indo-UK Roundtable and Senior Consultant UNDP.

The full budget expected to be announced in July, will reflect the economic agenda of Modi 3.0. Many economists expect the Budget will likely see a spurt in welfare and support schemes mainly for farmers and poor. The Budget will indicate the policy priorities for the new coalition government and decide the growth trajectory for the next five years.

On the economic front, economists have cautioned the government about the potential setbacks from a sluggish global economy and geopolitical crisis. "One constraint remains the sluggish world economy, which could suffer worse setbacks next year, though Indian growth has risen despite it.

The unknown is the impact of external shocks of intensifying wars and uncertainty over energy prices" added Sen. Meanwhile, in a significant boost to the start of Modi 3.0, the Reserve Bank of India on June 7 revised upwards the GDP growth projection for the current fiscal to 7.2 per cent from 7 per cent on rising private consumption and revival of demand in rural areas.

RBI Governor Shaktikanta Das said estimates released by the National Statistical Office (NSO) placed India's real gross domestic product (GDP) growth at 8.2 per cent in 2023-24.

Source: thehindubusinessline.com– June 09, 2024

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Indian exports: How Modi 3.0 can navigate the protectionist tides in advanced economies like US and EU

After a decade of single-party rule at the Centre, India has returned to an era of coalition politics. As the Lok Sabha election results trickled in on the morning of June 4, the Sensex plunged into a sea of red. The fear among stock market investors and corporate leaders was palpable: what if India's ongoing reform agenda slowed down? However, some analysts reminded us that the country's economic reforms were born in a coalition era. Moreover, regional satraps like N Chandrababu Naidu, on whom the prime minister, Narendra Modi, will have to rely, could well be political mavericks but are not opposed to economic reforms.

Coalition politics will throw up its own challenges, but the real economic test for Modi 3.0 could lie in navigating the rising protectionist tides from seemingly friendly advanced economies like the US and the European Union (EU). India is unlikely to gain the same level of access to these affluent markets that China once enjoyed. "India is not in the same boat China was some years ago," says Ajay Dua, former Union industry secretary. "We won't get the kind of free ride China got from the rich world."

Pritam Banerjee, head of the Centre for WTO Studies under New Delhi-based Indian Institute of Foreign Trade, says there is a growing protectionist tendency in major economies due to their vulnerability to economic, technology and geopolitical shifts. "Advanced countries will like to maintain or deepen their lead in technology-intensive sectors that represent the bulk of future global demand.

These include goods and services related to green transition, digital technologies, advanced medicine and automation," he says. Sample this: exporters to EU will soon need to demonstrate that their products such as bovine meat, palm oil and coffee originate from land that hasn't been deforested since December 31, 2020. This requirement stems from EU's deforestation regulations of 2023, to be implemented in a phased manner from this year.

For Indian companies exporting chemicals to EU, a regulation called REACH (registration, evaluation, authorisation and restriction of chemicals) presents a challenge. Often considered a non-tariff barrier,

REACH necessitates high registration fees for each chemical and requires companies to share technical data with EU.

The US has already implemented measures affecting Indian shrimp exports. In 2018, it banned imports of wild-caught Indian shrimp due to concerns about protecting sea turtles. Its issue is that Indian fishers don't use turtle excluder devices. The US also employs another non-tariff barrier: complex authorisation requirements that lead to increased costs and delays for Indian exporters trying to ship their products.

While non-tariff measures (NTMs) are domestic rules for protecting human, animal and plant health, there are occasions when such measures turn arbitrary and go beyond scientific rationale. These are called non-tariff barriers (NTBs).

For instance, the Japan Toys Association, which authorises laboratories to certify toys for the Japanese market, has yet to accredit any lab in India. As a result, Indian companies have to dispatch entire shipments to Japan for testing and certification, causing significant delays and increased costs.

VEXED EXPORTERS

Meanwhile, the Indian gemstone industry faces a different challenge. In the 1990s, due to concerns about child labour in the industry, it was included on a list maintained under the US Trafficking Victims Protection Reauthorisation Act (TVPRA). While the industry maintains that there is no child labour now, the US has yet to remove it from the list. "The landscape of India's gemstone industry has changed substantially in a way that there are no child labour instances in the industry," said a working paper published by the Economic Advisory Council to the Prime Minister (EAC-PM) in November 2022.

"Many of the craftsmen have now become exporters. Craftsmen have been educated and have realised the importance of compliance and so are not involving their children in the industry," the paper adds. The paper also includes barriers faced by exporters such as high certification and labelling costs in the US, delays in Japan's inspection system for sports goods and toys, and UK's decision to maintain EU's stringent limits on Aflatoxins, which are toxins produced by fungi found on certain agricultural crops. This will put up further hurdles for Indian exporters of certain food products.

According to a report published by Delhi-based trade think tank Global Trade Research Initiative (GTRI) last year, key Indian exports that routinely face high non-tariff barriers in advanced economies include chillies, tea, basmati rice, milk, poultry, bovine meat, fish and chemical products shipped to EU, and sesame seed, black tiger shrimps, medicines and apparels to Japan.

Ajay Srivastava, founder of GTRI, argues that developed economies led by the US and the EU have taken a sharp turn towards protectionism, restricting imports and making them expensive. “They do not honour the commitments made at the WTO (World Trade Organisation) or in climate negotiations and push for unilateral measures,” he says, citing the examples of EU’s introduction of at least five regulations in 2023. These include forest regulations, and carbon tax, officially called the Carbon Border Adjustment Mechanism (CBAM).

“EU-CBAM when fully implemented is estimated to be 20-35% tax equivalent on Indian firms,” he says. “Industry has to share all plant and production details with EU. Also, a firm may need to run two production lines. Expensive yet green for making products to export to EU countries and normal products for the rest of the world,” he adds.

On multiple occasions, Finance Minister Nirmala Sitharaman had hit out at the EU for crafting the policy on carbon tax. “So, my non-green steel is okay for you as long as I pay extra. That extra is not coming for me to convert my dirty steel into green steel, good steel,” she said at the Peterson Institute for International Economics in Washington in April last year, exposing EU’s hypocrisy that it would buy the “dirty” products as long as the carbon tax is paid.

WHAT WILL BE THE IMPACT?

According to Banerjee of the Centre for WTO Studies, advanced economies and emerging countries like India are locked in a competitive space that would require all aspects of policy to come into play, including industrial policies that might be violative of WTO obligations and protectionist tariff and nontariff measures.

“The economic impact of such measures would be disproportionate in terms of restricting India’s own goals and economic objectives,” he says. He adds that there will be more pushback once India moves up the valuechain and competes for the same industries and occupational

specialisation for workers in manufacturing and services. “The relatively open markets that China took advantage of would not be available to us to the extent it was available to China,” he adds.

Take textiles and apparel, a sector of immense importance for the Indian economy. Exporters in this sector currently face 290 notifications under the Technical Barriers to Trade (TBT) agreement. These notifications act as non-tariff barriers, essentially setting technical standards that all imported goods must meet. For example, the US focuses on flammability standards for clothing textiles, while EU prioritises clear labelling of fibre composition.

Mithileshwar Thakur, secretary general of the Apparel Export Promotion Council (AEPC), agrees that such notifications present challenges in terms of compliance and potential costs. “But they also offer an opportunity for the Indian exporters to enhance the quality and safety of their products,” he says. “By proactively participating in the rule framework, one can mitigate the risk of rejections.”

While environmental and labour standards are crucial for promoting sustainable practices, some argue that developed countries are deploying them strategically to restrict trade. The United StatesMexico-Canada Agreement (USMCA) exemplifies this concern. For instance, the USMCA mandates that a certain percentage of an auto component’s value must be produced by workers earning at least $16 per hour. This requirement can pose challenges for countries with low wages.

“Through free trade agreements (FTAs), developed countries are pushing developing countries to accept their standards and regulations,” says Srivastava of GTRI. “Higher environmental standards of US or EU are designed for domestic application in countries with a per capita income of $50,000. The problem is in forcing countries with a per capita income of $2,000 to adopt similar practices.”

Today, a key concern for India’s FTA negotiators with UK and EU is the potential spillover effect of stricter environmental and labour standards. Experts like Abhijit Das, former chief of the Centre for WTO Studies, warn that adopting such standards for exports could necessitate applying them domestically, leading to “huge” economic and social impacts. Das argues that developing nations like India, Brazil and Indonesia are increasingly seen as competitive threats by developed economies, leading to stricter demands in trade negotiations, including at the WTO.

Yielding to such pressure could have dire consequences for India's micro, small and medium enterprises (MSMEs), warns Das, as those small companies with limited resources won't be able to comply with very high standards. "Our domestic market will then be open to only large players," he adds.

Source: economictimes.com– June 08, 2024

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Commerce Ministry's focus likely on signing FTAs, reviving exports

The biggest challenge for the commerce and industry ministry under the coalition government led by Prime Minister Narendra Modi would be to revive the growth of merchandise exports that has been grappling with external factors such as geopolitical risks and high inflation. A dedicated road map is expected to be drawn towards this, aligning with the $1 trillion merchandise exports target by 2030.

The new government is likely to complete the unfinished agenda, particularly related to signing of the free trade agreement (FTA) with Oman. The negotiation between India and Oman concluded earlier this year and the pact is ready to be signed as soon as it gets an approval from the Cabinet after the formation of the new government.

While the earlier plan was to complete negotiations with India and the United Kingdom (UK) in July— as a part of the new government's 100-day action agenda—talks may take more time to resume, since London is also headed for elections in July.

While FTA negotiations with Peru, the European Union (EU) may continue, discussions for the launch of FTA talks with South African Customs Union (SACU), Chile as well Gulf Cooperation Council (GCC) are expected over the next few months.

Another priority in the first 100 days could be the launch of an e-platform —Trade Connect—to help exporters connect with stakeholders of international trade. The new government may bring back the focus on the pending amendments in the Special Economic Zone (SEZ) law, in line with the emerging order of global trade, to support the building of industrial parks with world class infrastructure and to attract investment in manufacturing. However, the exact timing may depend on the priorities of the new government. The new minister is likely to oversee the redesign of the structure of the commerce department, thereby making the system more efficient.

As far as the Department for Promotion of Industry and Internal Trade (DPIIT) is concerned, there could be a decision on whether further foreign direct investment (FDI) liberalisation in some more sectors can be attempted. Further, there might be some action with respect to the long-

pending e-commerce policy that the government has been trying to bring in since 2018. The primary intention to firm up a policy was to ensure that a conducive environment is created for innovative and vibrant growth of the Indian e-commerce sector.

The textile industry wants a relook from the government at quality control order (QCO). The value added raw materials cannot get raw materials at internationally competitive prices, but have to face competition from international fabrics and garments. "The major things in the short run should be a revisit and modification of the QCO. Due to QCOs, which is only on raw materials, instead of importing raw materials, finished fabrics and garments are coming in, while there is no quality control. It is equally hurting the interest of consumers and the industry," said Sanjay Kumar Jain, managing director of textile producer TT Ltd.

Source: business-standard.com– June 09, 2024

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New government unlikely to tweak trade policy

The new coalition government led by Prime Minister Modi is unlikely to bring about any major changes in the trade policy that is characterised by high tariff and non-tariff barriers on imports, bilateral trade negotiations for free trade with select countries, and export promotion through some duty exemption schemes for imports of capital goods and inputs required for export production.

The partners in the coalition government are regional outfits like the Telugu Desam Party, Janata Dal (United), Shiv Sena (Shinde faction), Janata Dal (Secular), who are more concerned with securing the interests of their constituencies, parties, and States. Once their demands like ministerial berths and some fiscal concessions are met, they are more likely not to interfere or make demands in the matters that are in the domain of the central government.

The Prime Minister is quite capable of managing such an outcome through negotiations and persuasion.

The present trade policy of protecting domestic producers through tariff and non-tariff barriers is an extension of the core belief of the establishment, which is more likely to remain unchallenged by anyone within the ruling party or cabinet or the coalition partners or for that matter, anyone in the bureaucracy.

There may be some tactical steps backward or sideways for optics but nothing substantial may happen by way of changing the basic policy of protectionism. The Prime Minister is well known for his pragmatism but the nuances of trade policy are not well understood by the elected representatives or the people at large to warrant backsliding on the core beliefs.

The government walked out of the Regional Comprehensive Economic Partnership agreement negotiations between 13 countries in Asia plus Australia and New Zealand fearing that Indian producers will not be able to compete against imports at lower duty rates even after a few years.

That decision and our high tariffs have kept our producers out of global value chains. The government has negotiated relatively less consequential agreements with Australia and the United Arab Emirates (UAE) and is

negotiating new trade deals with the United Kingdom, European Union, and some other small countries.

That effort is likely to continue with the government seeking better market access for some services. In the multilateral trade negotiations at the World Trade Organisation (WTO) also, the government may continue with its present policy of engaging in discussions without contributing anything useful by way of fresh ideas.

The export promotion schemes like duty exemption scheme, export-oriented units (EOU) scheme, Special Economic Zones (SEZ) scheme, export promotion capital goods (EPCG) scheme, and the schemes for the rebate of state and central taxes and levies (RoSCTL), remission of duties and taxes on exported products (RoDTEP) and interest equalisation scheme on pre and post shipment export credit are non-controversial within the country and so are likely to continue.

An interesting possibility is restructuring the Commerce Ministry on the basis of a report prepared in 2022 with the stated aim to adopt international best practices and prepare for greater multilateral and bilateral engagement with other countries. Establishing a permanent trade negotiating group is one of the ideas under consideration.

Unless someone convinces him about the benefits of lower tariffs and multilateralism, the present protectionist trade policy is likely to continue.

Source: business-standard.com– June 09, 2024

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CBIC orders release of imports without delay

Industry was facing delays in release of consignments and denial of free trade agreement benefits with authorities questioning value addition in third-party invoicing, ET reported on June 8.

The Central Board of Indirect Taxes and Customs, or CBIC, has clarified that any verification of invoice, if required, should be carried out only in the terms of legal provisions of the free trade agreement and the Customs (Administration of Rules of Origin under Trade Agreements) Rules that provide for verification of exports from the exporting country on certain grounds.

Customs authorities had begun denying duty concessions under FTA and sought payment of differential customs duty with interest in the case of a third-party invoice or the full duty.

Multinational companies use third-party invoicing for imports in which billing is carried out in a country different from country of origin. Third-party invoicing is permitted under free trade agreements (FTAs).

CBIC in a communique, seen by ET, to customs authorities has reiterated the provisions of CAROTAR, 2020 that lay down that though the importer may be requested for supporting information, he is under no compulsion to submit commercially sensitive information such as the export invoice in case of third party invoicing. The bill-to-ship-to-business model ensures commercial confidentiality in global value chains.

CAROTAR rules do require an importer to seek details which may be confidential and if any importer fails to provide sufficient information or documents, the verification process as prescribed under the trade agreement shall have to be initiated. Industry had represented the matter to the CBIC after consignments, particularly under India-Asean FTA, were held up at Nhava Sheva and some other ports.

Source: economictimes.com– June 08, 2024

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Global demand revival: How is India poised?

The global demand remained comparatively muted in 2023 on account of lower consumer consumption and rising inflation in the main markets of Europe and the US. As a result, India's merchandise exports also took a hit. However, experts now see a gradual revival in global demand because of the 11.86% year-on-year export growth (to $41.4 billion) in February 2024.

While industrial products such as engineering goods, petroleum products, drugs, electronic goods managed to hold ground or increase exports during the slowdown, consumer-facing segments such as garments, gems and jewelry, handloom products saw a reduction, says Anubhav Kathuria, Director, Synergy Steels.

"In macro terms, we see inflation cooling down to preferable levels in Europe. Therefore, one may expect an increase in prospects for consumer-focused merchandise producers in India. The stainless steel industry also witnessed the impact of the global macroeconomic developments, and we are looking at the year ahead with cautious optimism," adds Kathuria.

Aruna Sharma, Former Secretary, Ministry of Steel, says a demand revival would also provide an opportunity to small businesses to generate employment. "India contributes around 16% of global growth and is having a consistent growth rate of around 6-8% in the quarters of last year. There were challenges and savings had shown a decrease. But now the demand for FMCG goods is slowly reviving. Thus, revival of the global economy will be an opportunity for MSMEs and they will get positive impetus which will help generate employment," says Sharma.

Strategies to capitalise on the gradual demand revival

Gopalakrishnan Narasimhan, Partner & Director-Africa, Kaizen Institute, says the gradual revival in global demand is expected to be beneficial for key industries. Electronic goods exports have made remarkable strides, with an uptick of over 25%, from $26.51 billion in April 2024 to $21.07 billion in April 2023.

Some of India's major exports include pearls, precious & semi-precious stones and jewellery (16%); mineral fuels, oils & waxes and bituminous substances (12%); nuclear reactors, boilers, machinery and mechanical

appliances (5%); pharmaceutical products (5%); and organic chemicals (4%).

"I believe that strategies such as product linked incentives (PLI) which is expected to bring in incremental investment of Rs 7,920 crore, and increase exports worth Rs 64,400 crore, alongside flexible FDI policies, have massively helped the country to diversify its exports basket and move towards more value-added products such as electronic good and chemicals," adds Narasimhan.

Strengthening supply chain

Kathuria says India has learned from the pandemic about adopting a strategy of creating a robust domestic base of raw materials, and components for key manufacturing industries in building supply chain resilience, achieved through infra-investments or financial incentives, as well as policy direction.

"In terms of the focus sectors, we see this happening across high-value, and more importantly, key foundational industries: examples include the Critical Minerals Mission promoting exploration of 30 critical minerals — including nickel, cobalt, copper, molybdenum — which is key for the manufacturing of stainless steel, electronics, fleet and grid-electrification products. Currently, we have considerable import reliance for most of these minerals," adds Kathuria.

Narasimhan says that the geopolitical realm remains one of the most volatile with significant potential disruption when it comes to supply chains amid the ongoing geopolitical tensions and wars paired with a slew of economic sanctions.

The manufacturing industry's share of GDP in India is estimated to increase from 15.6% currently to 21% by 2031 and, in the process, double India's export market share, says Narasimhan. In the last decade, merchandise exports from India have hovered at $260-330 billion. The government has set up a target of $1 trillion in 2027-28 for merchandise exports.

"With increased budgetary allocations for manufacturing industry in the recent years, along with the amalgamation of emerging technologies like AI and dedicated schemes such as Gati Shakti, and the National Infrastructure Pipeline (with a projected allocation of Rs 111 lakh crore

from 2020-2025), India is on the right track to not only enhance its manufacturing and distribution networks but also serve as a global manufacturing hub in the coming years," notes Narasimhan.

Demand revival and impact on India's trade destinations

Sharma says that trade centers are built up over years and consistent supply and presence is the key.

"We lost the market in iron ore exports from Goa after a court stay on mining in 2018. Such jolts need to be avoided. Even now, it is still in the phase of revival. India has great potential for exports in agri sector, textiles, pharmacy, steel and MSME products. Revival of the global economy is an opportunity for them to reach high levels. They should get cheap working capital.

Steel is gearing itself to comply with emission norms to have a presence in the export market. Mobile phones after assembly manufacture have constantly shown an upward trend. Now, we have to focus on making components also. Another potential area is of capital goods; India has the potential to become a hub. In software, use cases like online gaming is another potential. Key is to have consistent, credible, convergent policies," notes Sharma.

Since the 1991 reforms, India's trade relations have transformed significantly. While exports have increased to key markets such as the US, Europe and Asia, Narasimhan points out that we also continue to explore newer markets such as Montenegro, Turkmenistan, Mongolia and Honduras. "The key reasons for stellar export performance are sharp recovery in key markets, increased consumer spending, accumulated savings and disposable income due to the announcement of fiscal stimulus by major economies, global commodity price rise, and an aggressive export push by the government," adds Narasimhan.

Our progress as a global export hub, paired with our ever-increasing FTA deals with the world's largest nations and entities, is bound to help in the creation of strong trade relationships that are in line with the changing consumer trends and market dynamics, he adds.

Source: economictimes.com– June 10, 2024

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ITF urges Centre, States to motivate textile firms to invest in ready-to-cut processed fabric

The Indian Texpreneurs Federation (ITF) has urged the Union and State governments to design policies that are suitable to motivate textile firms to invest in ready-to-cut processed fabric. This is to take advantage of the US, European and Japanese buyers to develop alternate sourcing destinations. “Modernisation, high-quality products, competitiveness, product and market diversification strategies are the best ways to bring the much-needed growth in exports for the Indian textile sector; and also create lakhs of new jobs in the economy,” said Prabhu Dhamodharan, Convenor of Coimbatore-based ITF.

Stating that India exported $3.8 billion worth of fabric during the 2023-24 fiscal, including cotton, synthetic and cellulosic fibre-made fabric, he said China, in comparison, exported nearly $100 billion worth of fabric. It has established itself as the ready-to-cut fabric supplier of the world by catering to the needs of many apparel manufacturing nations. “Across the world, apparel makers used to buy ready-to-cut fabric and focus only on apparel manufacturing. That is also one way of building resilience and competitiveness,” said Dhamodharan.

Indian companies are receiving a new variety of fabric samples in cotton blends with sizeable enquiries, he said.

With strong fundamentals, the Indian textile industry, particularly the spinning and weaving sector companies, needs to focus on this ecosystem to manage the volatility in raw materials and improve margins. “We witnessed a margin expansion for the companies taking the effort in this direction,” the ITF convenor said.

Auto-looms imported

The Indian textile industry imported and invested approximately ₹26,000 crore in the last three years by installing automatic weaving and hi-tech knitting machines. Auto-looms valued at ₹16,000 crore were also imported during the period, he said. These machines were imported from China at a value of ₹8,200 crore, Japan ₹3,300 crore, Belgium ₹2,000 crore and Italy ₹900 crore.

"These investments are helping the textile sector in improving the productivity, quality and ability to produce a variety of fabrics at competitive prices," said Dhamodharan.

The developed nations' thrust on 'China-plus one' to look for alternate sourcing destination is a 10-year opportunity for the Indian textile sector.

The recent surge in investments in automatic weaving, knitting and processing capabilities will help to focus on a ready-to-cut processed fabric ecosystem.

Designing suitable policies will motivate textile companies to invest in such infrastructure and also help in reaching the world market, said Dhamodharan.

Source: thehindubusinessline.com– June 09, 2024

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Textile industry welcomes QCO relaxation for polyester fibre

In a press release issued on Friday, Southern India Mills' Association (SIMA) chairman S.K. Sundararaman said the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) issued QCO for polyester staple fibres, various filament yarns and spun yarn in a notification dated April 15, 2021 mandating every user to purchase these products only from BIS licence holders in the domestic and international markets.

Though the domestic manufacturers obtained the licence, applications submitted by foreign manufacturers were pending before the BIS authorities for inspection and approval. This had hit the textile exporters of products made of speciality fibres / filament yarns and spun yarns, as their buyers specified the said raw materials.

Mr. Sundararaman welcomed the move by the government to relax the QCO norms for import of viscose fibre under advance authorisation scheme (through an order issued on March 11, 2024) and extending the relaxation for polyester staple fibre, filament and spun yarn through a notification dated June 6, 2024.

For the manmade fibre (MMF) imports permitted under the Advance Authorisation Scheme, the users should adhere to pre-import conditions (using the imported fibres only for export purpose) and the period for fulfilment of export obligation is now reduced to six months from 18 months.

The relaxation is a relief to the MMF textile products exporters enabling them to improve their export performance that was significantly affected in the last two years. Mr. Sundararaman also appealed to the new government to bring the entire MMF textile value chain under 5% GST rate on a par with cotton.

Rakesh Mehra, chairman of the Confederation of Indian Textile Industry, and Bhadresh Dodhia, chairman of the Manmade and Technical Textiles Export Promotion Council, also welcomed the QCO relaxations.

They said the 180 day time to meet export obligations under advance authorisation scheme would not affect the industry as any textile value chain did not take more than 180 days to complete production and export the products.

Further, companies would not want to have inventory of the raw materials for more than six months, they said.

Source: thehindu.com– June 07, 2024

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Cultivating change: The role of ESG in agricultural carbon projects

As the global community grapples with the pressing challenge of climate change, carbon asset management has emerged as a crucial strategy for mitigating greenhouse gas emissions and promoting sustainable practices across various sectors, including agriculture. However, the evaluation of carbon projects in agriculture must extend beyond the mere calculation of carbon footprints to encompass a broader range of environmental, social, and governance (ESG) factors. This holistic approach not only enhances the overall impact and sustainability of carbon initiatives but also fosters community engagement, improves livelihoods, and promotes biodiversity conservation.

Quantifying ESG factors: Methodologies and challenges

The integration of ESG factors into carbon asset management strategies for agriculture requires robust methodologies for evaluation and quantification. While carbon footprint calculations have traditionally been the primary focus, there is a growing recognition of the need to incorporate additional metrics that capture the multifaceted nature of sustainable agricultural practices.

One significant challenge lies in the development of standardised frameworks and metrics that can effectively quantify social and governance factors. These aspects often involve qualitative assessments and stakeholder engagement, which can pose difficulties in terms of measurement and comparability across projects.

Environmental considerations: Beyond carbon footprints

While carbon sequestration and emissions reduction remain paramount in carbon asset management, a comprehensive approach must also consider the broader environmental implications of agricultural practices. This includes:

Soil Health: Regenerative farming techniques, such as crop rotation, cover cropping, and reduced tillage, can improve soil fertility, water retention, and carbon sequestration potential.

Biodiversity Conservation: Sustainable agricultural practices can promote the preservation of natural habitats, contributing to the protection of flora and fauna diversity.

Water Resource Management: Efficient irrigation techniques, rainwater harvesting, and the implementation of water-saving technologies can enhance water conservation efforts in agriculture.
Social considerations: Enhancing community engagement and livelihoods

The social dimension of ESG factors in carbon asset management is pivotal in ensuring the long-term sustainability and inclusivity of agricultural carbon projects. Key considerations include:

Community Engagement: Involving local communities in the planning and implementation stages of carbon projects can foster a sense of ownership and promote the adoption of sustainable practices.

Livelihood Improvements: Carbon initiatives can contribute to the economic empowerment of smallholder farmers by providing access to alternative income streams, training, and resources.

Labor Practices: Ensuring fair labor conditions, worker safety, and ethical employment practices within agricultural operations is crucial for maintaining social sustainability.

Governance factors: Transparency and accountability

Robust governance frameworks are essential for ensuring the credibility and transparency of carbon asset management in agriculture. This includes:

Compliance with sustainability standards: Adherence to internationally recognized standards, such as those set by the International Standards Organisation (ISO) and the Roundtable on Sustainable Palm Oil (RSPO), can enhance the credibility and comparability of carbon projects.

Stakeholder Engagement: Engaging with diverse stakeholders, including local communities, NGOs, and regulatory bodies, throughout the project lifecycle can promote transparency and accountability.

Policy and Regulatory Alignment: Aligning carbon asset management strategies with relevant government policies and regulations can facilitate the successful implementation and scalability of agricultural carbon projects.

Land-use change: Balancing environmental and social implications

The potential environmental and social repercussions of land-use change associated with carbon projects in agriculture must be carefully evaluated. While the conversion of degraded lands or monocultures to sustainable agroforestry systems can yield positive outcomes, the displacement of existing communities or the conversion of biodiverse ecosystems could have detrimental consequences. A comprehensive analysis of land-use change scenarios, coupled with robust safeguards and mitigation measures, is crucial to minimising negative impacts.

Co-benefits of agricultural carbon projects

Beyond carbon sequestration and emissions reduction, agricultural carbon projects can generate a range of co-benefits that contribute to overall sustainability. These include:

Improved Soil Health: Practices such as cover cropping, reduced tillage, and the application of organic amendments can enhance soil fertility, water retention, and nutrient cycling.

Biodiversity Conservation: Agroforestry systems, riparian buffers, and the preservation of natural habitats within agricultural landscapes can support biodiversity and ecosystem services.

Water Resource Management: Efficient irrigation techniques, rainwater harvesting, and the implementation of water-saving technologies can enhance water conservation efforts in agriculture.

Resilience to Climate Change: Sustainable agricultural practices can increase the resilience of farming systems to the impacts of climate change, such as drought, floods, and temperature extremes.

Conclusion

Evaluating ESG criteria in carbon asset management for agriculture is a critical step toward achieving truly sustainable and impactful carbon initiatives. By extending the focus beyond carbon footprints and embracing a comprehensive approach that incorporates environmental,

social, and governance factors, we can unlock the full potential of agricultural carbon projects. This holistic approach not only contributes to climate change mitigation but also fosters community engagement, improves livelihoods, and promotes biodiversity conservation. With robust methodologies, stakeholder engagement, and alignment with sustainability standards, carbon asset management in agriculture can pave the way for a more resilient and sustainable future for our planet and its inhabitants.

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