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USD	EUR	GBP	JPY
83.55	89.54	105.77	0.53

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INTERNATIONAL NEWS

Are Asia-to-Europe Container Prices Headed to \$20,000?

Container rates have been escalating rapidly in recent months among the continued Red Sea disruptions, lengthier sailing distances and longer waits at ports. But the situation is getting so dicey that one maritime trade advisory service, Sea-Intelligence, believes some current cargo prices on certain Asia-to-Europe trade lanes could hover around \$20,000 per 40-foot container—levels that were achieved during the height of the Covid-19 pandemic.

“The easiest answer to ‘how high can rates go?’ would be to point to the maximum level seen during the pandemic,” said Alan Murphy, CEO of Sea-Intelligence, in the note. “This, however, does not account for the increased round-Africa sailing distances that weren’t present during the pandemic.”

Drewry’s World Container Index (WCI) calculated that overall spot rates peaked at \$10,377 per 40-foot equivalent unit (FEU) container in September 2021, with the Shanghai-to-New York average reaching \$16,138.

The next month, the Shanghai-to-Rotterdam prices hit their own top at \$14,807 per container, while FEUs on the Shanghai-to-Genoa route peaked at \$13,765 on average. But the public index is still based on averages provided by shippers and forwarders, so it can be presumed that many of the individual rates for cargo shipments were higher.

According to Murphy, if the rate paid per nautical mile sailed reaches pandemic levels, spot rates for a container shipped from Shanghai to Rotterdam would be \$18,900 and would escalate as high as \$21,600 per FEU from Shanghai to Genoa.

Murphy accounted for the longer sailing distances by calculating the number of U.S. cents per FEU per nautical mile (nm) traveled during the pandemic. For the Rotterdam route, this came down to 140 cents/FEU/nm, while this number was closer to 160 cents/FEU/nm on the Genoa trade lane.

“If we extrapolate the data as an indication of how high the market can indeed go based off the pandemic surge in rates, we can now apply the new (longer) sailing distances and calculate how high the spot rates per [FEU] could possibly go, if the current crisis persists,” Murphy said.

A recent assessment of the Red Sea vessel diversions by the U.S. Defense Intelligence Agency indicated that the alternate shipping routes around Africa add roughly 11,000 nautical miles for each voyage, as well as \$1 million in fuel costs.

The WCI, which measures ocean spot freight rates across eight major trade lanes, ticked up 2 percent week over week on Thursday to \$4,801 per 40-foot container. Since April 25, when the spot rates averaged \$2,706 per container, prices have escalated 77.4 percent.

But those figures skew even higher for containers across the four trade lanes originating out of Shanghai. A container from Shanghai to New York costs \$7,299 on average, while the trek to Genoa costs \$6,862. A trip from Shanghai to Rotterdam costs \$6,177 per container, while the price of cargo to voyage the trans-Pacific Los Angeles lane was \$6,032 on average.

Similarly, the Shanghai Containerized Freight Index has increased 6.1 percent week-over-week as of Friday to 3,379 points, its highest total since August 2022. This index covers 13 trade lanes out of the port, which is the largest in the world by 20-foot equivalent units (TEUs) handled.

In a Friday blog post, Xeneta indicated spot rates on major trades out of the Far East will increase again on June 15, but to a less dramatic extent than witnessed in May and early June. Similar to the WCI data, Xeneta is calling for average spot rates from the Far East to the U.S. West Coast to increase by 4.8 percent on Saturday \$6,178 per 40-foot container.

“Any sign of a slowing in the growth of spot rates will be welcomed by shippers, but this is an extremely challenging situation and it is likely to remain so,” said Peter Sand, Xeneta chief analyst, in the post.

“The market is still rising and some shippers are still facing the prospect of not being able to ship containers on existing long-term contracts and having their cargo rolled.”

Sand noted that pressure within the container shipping ecosystem is “still at severe levels” due to the combination of the Red Sea skirmish, the congestion at ports in the Mediterranean and Asia, as well as equipment shortages and shippers front-loading imports ahead of the August-to-October peak shipping season. He said the current East Coast and Gulf Coast port negotiations, which are now at a standstill, will only add to the pressure.

Sand’s opinion slightly differed from Murphy’s, saying it was “unlikely—but not impossible—that spot rates will reach the levels seen during the Covid-19 pandemic,” noting that the current factors make it difficult to predict the market with any degree of certainty.

“For example, any potential ceasefire between Israel and Hamas could change the picture completely if it helps to end attacks on container ships by Houthi militia and see a large-scale return of carriers to the Red Sea region,” Sand said.

Source: sourcingjournal.com– June 14, 2024

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Growth in South Asia projected to slow to 6.2% in 2024: World Bank

Growth in South Asia is projected to slow to 6.2 per cent this year and stay at that rate over 2025-26, mainly reflecting steady growth in India, the World Bank said in its 'Global Economic Prospects June 2024' report.

The projections for 2024-25 are higher than expected in January, primarily because of an upward revision in investment growth by 0.9 percentage point, on an average, over these two years.

Growth in the region excluding India is expected to pick up to 3.9 per cent in 2024 and to 4.4 per cent in 2026.

In India, growth of 6.7 per cent per year, on an average, is projected for three fiscals beginning fiscal 2024-25 (FY25). Despite a moderation from a high base, investment growth is expected to be stronger than previously envisaged and remain robust over the forecast period, with strong public investment anticipated to be accompanied by private investment.

In Bangladesh, growth is projected to increase slightly to 5.7 per cent in FY25 and 5.9 per cent in FY26. In addition to an increase in private consumption because of easing inflation, the implementation of large investment projects will support a pickup in overall investment.

Growth is also projected to rise in Bhutan and Nepal, partly reflecting strong output in the hydropower sector. Strengthened activity in Maldives will be supported by the expansion of an international airport in 2025, the World Bank report noted.

Growth in Pakistan is expected to pick up to 2.3 per cent in FY25 (July 2024 to June 2025) and 2.7 per cent in FY26. It is expected that industrial activity and confidence will increase as a result of easing import restrictions and implementation of reform packages.

In Sri Lanka, the economy is expected to expand by 2.2 per cent this year and then reach 3 per cent in 2026, assuming successful debt restructuring negotiations and the implementation of structural reforms.

In contrast, the economy of Afghanistan is set to remain fragile, with high unemployment, food insecurity and poverty, the report said.

Downside risks to the baseline forecast for the region include commodity price spikes resulting from supply disruptions caused by the possible escalation of geopolitical tensions and intensification of armed conflicts.

In countries with elevated government indebtedness, abrupt fiscal consolidation could cause larger adverse effects on growth.

Some countries also run the risk of financial instability because of the large holdings of sovereign debt by domestic banks, the report added.

Source: fibre2fashion.com– June 14, 2024

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New USTR Negotiator Talks Textile Trade During North Carolina Visit

The Office of the U.S. Trade Representative’s recently appointed chief textiles and apparel negotiator, Katherine “Katie” White, made her inaugural official trip to North Carolina—a central hub of American textile companies—to meet with several member firms of the National Council of Textile Organization (NCTO) and learn about the impact of trade policies on this domestic supply chain.

White, who previously served as International Trade Policy Advisor on the House Committee on Ways and Means before joining the USTR last month, visited six plants: American & Efird, Parkdale Mills/U.S. Cotton, TSG Finishing, Shuford Yarns, Schneider Mills and Unifi.

During her visit, textile executives showcased the sector’s advanced manufacturing capabilities, emphasizing how the domestic sector makes “important contributions” to the U.S. economy—particularly by supplying the U.S. military with 8,000 products annually as well as personal protective equipment (PPE) for national health and safety.

White also participated in an industry roundtable discussion at Gaston College’s Textile Center where executives discussed the competitiveness of the domestic industry.

“We want to sincerely thank Katie, who is taking on the role of chief textiles and apparel negotiator at a critical time for this industry,” said Kim Glas, NCTO’s president and CEO. “We appreciate her first visit in the new role is to see and meet with our industry firsthand.

The U.S. textile industry is one of the most dynamic, innovative industries in the U.S. economy, and our co-production chain with our Western Hemisphere trade partners is essential. Trade policies are critical to this manufacturing sector and workforce.”

White’s visit came, per the NCTO, at a “pivotal time.” The industry faces “severe economic headwinds” from allegedly predatory practices by foreign traders and “insufficient enforcement” of trade laws despite a \$64.8 billion output in 2023 that employed 500,000 workers.

“Predatory trade practices employed by China and other countries are harming the domestic textile supply chain and our Western Hemisphere trade partners, and our industry is calling for urgent action by our government to address them head-on,” Glas said. “We are in an urgent economic situation where these serious issues the industry is facing need to be resolved immediately.”

The textile executives urged White to increase Section 301 China tariffs on finished textile and apparel imports, close the de minimis loophole, expand the Western Hemisphere co-production chain and maintain the yarn forward rule of origin, step up customs enforcement of textile and free trade agreement enforcement and penalties, and support domestic supply chains through Buy American and Berry Amendment policies that help to onshore production, spur investment, maintain the safety and security of the U.S. armed forces and generate new jobs.

“I want to thank NCTO president and CEO, Kim Glas, and NCTO member companies for hosting USTR in North Carolina for a tour of domestic textile manufacturers,” White said. “During the visit, we heard from textile industry leaders about the challenges they face in their day-to-day operations and opportunities to enhance the competitiveness and resilience of the textiles sector.

President Biden and Ambassador Tai are committed to advancing trade policies that level the playing field for American workers and industries, so they can compete in today’s global economy.”

Source: fibre2fashion.com– June 14, 2024

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Australia overtakes US as top textile consumer: Research

Australians purchase more clothing per person than any other country, driving a fast fashion waste crisis, according to new research from the Australia Institute. The study reveals that Australia has overtaken the US as the world's largest consumer of textiles per capita, with much of this consumption attributed to fast fashion that ends up in landfill.

Key findings from the research indicate that Australians buy an average of 56 new clothing items per year, surpassing the US at 53 items, the UK at 33 items, and China at 30 items. The average value per item purchased by Australians is AUD \$13, significantly lower than the UK (\$40), USA (\$24), Japan (\$30), or even Brazil (\$16). Annually, more than 200,000 tonnes of clothing are discarded into landfill, equivalent to nearly four Sydney Harbour Bridges in weight, as per the Textile Waste in Australia report.

The report suggests several policy measures to curb fast fashion waste, including implementing a French-style fast fashion tax, banning the export of textile waste within five years, and providing government-funded discounts for garment repairs. Additionally, it calls for federal investment in developing an Australian circular textiles industry and increased support for community op shops and recycling initiatives.

The Australia Institute's polling research indicates that nearly two-thirds (63 per cent) of Australians are concerned or very concerned about the environmental impact of textile waste. When asked who should be responsible for eliminating this waste, 71 per cent pointed to businesses, followed by consumers at 57 per cent and the government at 54 per cent.

The research also highlights a gap in public knowledge regarding textile materials. Fewer than half (46 per cent) of respondents could identify petroleum as the source of polyester, and only 27 per cent were aware that more than half of the clothes sold in Australia are made from plastic.

Source: fibre2fashion.com – June 14, 2024

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USA: Mill Buying Increases, Yet Cotton Market Remains Cautious

There are tiny cracks appearing in the cotton bear's armor. They are minute, well camouflaged, and may be difficult to penetrate, but finally they are there. Indications are that mills can finally see value in cotton with prices in the low to mid-70s. Demand will have to surface by the first quarter of 2025 to truly build a higher price base.

Certainly, for growers, prices in the mid-70s are nothing more than depressing. Yet, the key is that mills are showing indications that they are willing to step in and not only buy cotton, but fixing the price on some orders is very suggestive that 1) some business is being done, and 2) more importantly, that mills believe that orders are forthcoming. Business remains slow, but numerous mills have shown a willingness to marginally increase yarn spinning.

Again, caution is the order of the day as cotton purchases remain small. Yet, across the board, buying has occurred over the past two weeks. Our enthusiasm level has increased, but any movement to higher prices will be difficult as there will be increased competition in the world trade market. Nevertheless, the focus is now on attempting to build a price in the extremely high 60s to mid-70s.

The trading range may well be expanded during the coming two weeks as the old crop's swan song comes with the July's first notice day on June 24. Both the July and the new crop December contracts are facing a 68-78 cent trading range now that eight days of the Jim Roger's and Goldman Sachs' rolls have passed.

The combination of new sales for the 2024-25 marketing year, coupled with the growing and strong potential for 2023-24 marketing year undelivered sales to be added to the 2024-25 export sales, is increasing the demand for price fixations (buying of futures) on the December 2024 futures contract.

Certainly, some of those will likely be rolled to the March/May/July 2025 contract months, but many will be exercised on the December contract. This is beginning to build price support under the December contract.

It is noted that grower on-call purchases (need to sell futures) are increasing on the December contract as well but mill on-call sales are increasing at a faster rate. Again, the implication is that the December futures contract is beginning to find price support. There have been scant few, if any, bullish or positive indications in the market. Thus, it is positive to find any potential bullish indicator.

Too, the weekly export sales report offered support to this positive news as net weekly sales of upland were excellent at 177,100 bales. Granted, export sales should be exceptionally good with futures prices in the mid to upper 70s. Yet, sales were made to 20 countries. As expected, China was the principal buyer, taking 78,400 bales. Other major buyers were Vietnam (27,700 bales), Pakistan (16,900), Macau (14,800), Mexico (6,200), and Turkey (6,000). The volume of sales coupled with the number of buyers offer a hint that price support is hidden within the trading data.

Of course, China, Pakistan, and Vietnam are the three largest customers. China has slowed its purchase of some other commodities – an indication that the Chinese have met their purchasing goals for those commodities. However, the Chinese have not slowed their purchases of cotton. The buying program is not expected to slow for at least another 60 days, or until the Chinese can better estimate local Chinese production. Too, China needs will continue to exist at least into the second quarter of 2025.

USDA's June supply demand report was in line with expectations and did not contain any surprises. The principal change compared to the May report was that USDA exports were lowered 500,000 bales from 12.3 million down to 11.8 million. The report did confirm a long-time warning that the U.S. – for the first time ever – lost its crown as the world's primary exporter of cotton to Brazil. USDA forecasts that U. S. exports in 2024-25 will exceed those of Brazil. However, that may well not be the case.

Some suggest that USDA's half a million-bale reduction was too much and will be adjusted higher in the July report. Yet, based on the rate of shipments over the past two months, it is likely that U.S. exports will be lowered as much as another 300,000 bales. It is difficult to argue with that suggestion, given that the New York ICE is trading in the low 70s.

Nevertheless, the market is finally on a painstakingly slow road higher.

Source: fibre2fashion.com – June 13, 2024

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Growth in Europe, Central Asia to fall to 3% in 2024: World Bank

Growth in Europe and Central Asia (ECA) is projected to decelerate to 3 per cent this year, 2.9 per cent in 2025 and 2.8 per cent in 2026, the World Bank said in its 'Global Economic Prospects June 2024' report.

The primary growth drivers in most countries are expected to be private consumption and investment—buoyed by the easing of monetary policies and decreasing inflation—and a recovery in exports, particularly as activity in the euro area firms, the report noted.

The slowdown this year is mainly attributed to decelerations in Russia and Türkiye. Elevated uncertainty regarding the evolution of the invasion of Ukraine continues to play an essential role in shaping the regional outlook, it observed.

Excluding Russia, Türkiye and Ukraine, growth in the region is expected to accelerate to 3.1 per cent this year and 3.6 per cent on an average in 2025-26, with growth picking up in about half of ECA's economies.

Inflation in the ECA region is expected to continue moderating, paving the way for more substantial monetary policy easing, the World Bank said.

In April this year, inflation was above official targets in about half of ECA countries, but market-based expectations are consistent with inflation close to targets in most cases by 2025.

Despite the need for fiscal consolidation to ensure sustainability, prospects for significant fiscal adjustments in the region appear to be limited, amid many upcoming elections, the report noted.

High-frequency economic indicators, including manufacturing purchasing managers' indices and retail sales, suggest a relatively resilient first quarter of 2024 in ECA's largest economies—Russia, Türkiye and Poland.

Risks to the outlook are tilted to the downside. Geopolitical tensions, particularly stemming from Russia's invasion of Ukraine, and the potential continued effects and risk of escalation of the invasion, cloud prospects for ECA.

Political uncertainty in the region is also heightened. An escalation of trade restrictions could further hamper trade activity and weigh on growth, amid a deceleration in exports in recent years.

Additionally, a slower-than-expected recovery in China could adversely impact commodity exporters in the region, the report added.

Source: fibre2fashion.com– June 15, 2024

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Signs of economic recovery emerge in Sri Lanka, inflation low: IMF

Signs of economic recovery are emerging in Sri Lanka, inflation remains low, revenue collection is improving and reserves continue to accumulate, according to the International Monetary Board (IMF), whose executive board recently concluded Article IV Consultation for 2024 and the second review under the 48-month Extended Fund Facility arrangement for the country.

Inflation was 0.9 per cent in May this year and gross international reserves increased to \$5.5 billion by end of April. The primary balance improved to a surplus with tax revenue increasing to 9.8 per cent of gross domestic product (GDP) in 2023, the IMF said in a release.

Despite improvements in non-performing loans, pockets of vulnerabilities remain in the banking sector, it noted. The recovery remains gradual, and the medium-term growth potential hinges on appropriate policy settings, it said.

Growth is projected to recover moderately in fiscal 2024-25 given constrained bank credit and fiscal consolidation, while facing uncertainties around the debt restructuring and policy direction following the elections.

Inflation is expected to temporarily increase due to one-off factors. The current account is expected to remain positive in 2024, driven by improved tourist arrivals and remittances.

Domestic risks could arise from waning reform momentum, especially on revenue mobilisation. Slow progress in debt restructuring could widen financing gaps, the IMF noted.

The EFF-supported programme aims to restore Sri Lanka's macroeconomic stability and debt sustainability, mitigate the economic impact on the poor and vulnerable, rebuild external buffers, safeguard financial sector stability and strengthen governance and growth potential.

Source: fibre2fashion.com – June 15, 2024

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Major global brands commit to decarbonise fashion sector

The Future Supplier Initiative, facilitated by The Fashion Pact in partnership with Apparel Impact Institute, Guidehouse, and DBS Bank, is offering a collective financing model to support deep decarbonisation in the apparel sector.

The initiative will begin with a programme in Bangladesh, supported by Bestseller, Gap, H&M Group and Mango. The Future Supplier Initiative is actively recruiting more brands, with the intention of expanding to other key apparel manufacturing regions including Vietnam, India, China, Italy and Türkiye.

In its first year, the cohort will prioritise factories based on impact, build technical proposals for achieving deep decarbonisation, and de-risk lending to suppliers to implement these projects at more attractive rates. Year two of the programme will focus on project implementation and monitoring of the climate impact created through these investments.

By bringing in more brands and geographies into the programme, the Future Supplier Initiative aims to support brands and their supply chains in achieving their near-term Science Based Targets by 2030, H&M Group said in a press release.

With an estimated 99 per cent of total fashion brand emissions occurring in the supply chain (Scope 3), the Future Supplier Initiative aims to accelerate the transition to net zero by sharing the financial risks and responsibilities of transitioning to renewable energy sources in Tier 1 and 2 garment and textile factories.

The initiative is a brand-agnostic mechanism that will develop and finance projects to support both brands and suppliers to meet their Science Based Targets (SBTs) and stay within the 1.5 degree trajectory.

A combination of technical support and financial incentives will be used to help overcome the barriers that prevent many factories from adopting electrification and renewable energy solutions.

“The cost of inaction on climate change is unaffordable. If the fashion sector is to meet its goals and transform its supply chain, we urgently need to address the gap between ambition and action. The Future Supplier

Initiative is a unique opportunity for fashion retailers to join forces and drive progress towards science based targets, and offer much needed financial and technical support to apparel suppliers in their journey to decarbonisation. No single business alone can solve this challenge, but by sharing the costs, risks and responsibilities of the transition to renewable energy, we can build an ecosystem of solutions and kickstart a new era of change,” said Eva von Alvensleben, executive director and secretary general of The Fashion Pact.

To achieve significant emission reductions, suppliers might adopt a range of energy efficient technologies and processes, as well as transitioning to renewable energy sources, often with lengthy payback periods that can take decades. This deters many suppliers from embracing electrification and renewable energy solutions, hindering progress towards decarbonisation goals.

To help accelerate progress and bridge these gaps, the Future Supplier Initiative aims to reduce the cost for suppliers by working with fashion brands to decrease the cost of capital for loans that can accelerate decarbonisation.

Alongside financial incentives, technical support will be provided to help suppliers identify and implement low carbon technologies and solutions. Baselineing and monitoring emission reductions will also be conducted to demonstrate the impact of projects financed and implemented by the initiative, the release added.

The initiative seeks to identify and match projects with the highest potential for impact. By identifying common factory units, interventions and costs, it will enable a global and regional joint effort between fashion brands, moving from targets and roadmaps to implementation and measurable reduction, beyond energy efficiency measurements.

“At Bestseller, we are working intensively to improve our climate footprint. We have largely managed to tackle our direct emissions, but it is clear that emissions in our value chain require ambitious efforts on a scale that calls for innovative, joint solutions.

The Future Supplier Initiative represents a new mindset for how fashion companies can come together and accelerate the solutions necessary for the green transition across the industry and specifically in countries specialised in manufacturing. We know that as an industry, we still have

many steps ahead of us, but we believe that the Future Supplier Initiative can make a positive and significant difference,” said Anders Holch Povlsen, owner and CEO of Bestseller.

“Gap is committed to bridging the climate gap by collaborating with our supply chain partners to reduce emissions. And we’re eager to see our commitment matter even more. That’s why we participate in the Future Supplier Initiative, which unites brands, technical partners, and financial institutions to drive meaningful climate action across the industry, better and faster than any one company can on its own,” said Richard Dickson, president and CEO, Gap.

“At H&M Group, we want to lead the way within our industry and decarbonising our supply chain is one of the most important keys to further reduce our emissions. The Future Supplier Initiative shows that solutions are readily available and come with proven impact, but it requires commitments from brands and investors that are willing to invest. We encourage others to join our efforts to tackle our industry’s negative climate impact,” said Daniel Ervér, CEO of H&M Group.

“Mango sees sustainability as a journey the fashion industry has to make in order to achieve a more just society, and to reduce its environmental and social impact. In order to reach our climate ambitions, fashion companies inevitably need to decarbonise our supply chains. The joint effort that represents the Future Supplier Initiative is definitely a huge step forward from the industry in allowing for affordable funding for factories to engage in energy efficiency initiatives, and a sign that cooperation is possible in our sustainability journey,” said Toni Ruiz, CEO of Mango.

“To achieve this industry’s ambitious climate goals, it’s imperative that every stakeholder leverages their influence to drive tangible change. A joint effort among brands and retailers is essential to create conditions where suppliers are motivated and capable of making these investments.

Financial institutions are poised to offer better finance options provided there’s a robust pipeline of suppliers ready to embrace decarbonisation efforts. The acceleration of these efforts occurs when the industry aligns its resources and investments toward the most impactful solutions,” said Lewis Perkins, president and CEO, Apparel Impact Institute.

“Accelerating net zero for supply chains requires the rapid scaling of low-carbon technologies, innovative financing models and deliberate action by an ecosystem of partners to drive adoption.

The Future Supplier Initiative brings these elements together to offer practical help by directly funding factory upgrades to help suppliers improve their energy efficiency and reduce their carbon footprints. Decarbonising the world’s apparel sector extends beyond geographical boundaries – DBS is honoured to be the first bank and founding partner to this landmark initiative, partnering with global brands to create a more sustainable fashion industry. This is how we make real impact to the real world,” Tan Su Shan, group head of institutional banking, DBS Bank, said.

“Supplier decarbonisation must progress more quickly to meet the scientifically based climate targets. The Future Supplier Initiative (FSI) aims to bridge the gap between the current way of doing business and the needs of operating in a world constrained by climate change. FSI provides technical, financial, and programme management support to help suppliers maintain sustainability, resilience, and competitiveness,” said Gaurav Menon, partner at Guidehouse.

Source: fibre2fashion.com– June 14, 2024

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Weaving a Stronger Future: Growth strategies for Türkiye's textile & apparel exports

Türkiye boasts of a rich history in textiles, dating back to the Ottoman Empire. Today, it remains a global powerhouse in the industry, ranked the fourth-largest exporter of textiles worldwide as per Statista. This success story is due to a robust domestic industry and strategic export focus.

Sectoral strengths

Türkiye's textile and apparel industry caters to a wide range of products. From raw materials like cotton yarn to finished garments like denim and knitwear, the sector offers a comprehensive product portfolio. This diversification allows Türkiye to cater to varied customer needs across various price points. Turkish mills excel in weaving, knitting, and finishing a wide range of fabrics, from denim and towels to technical textiles.

The industry also boasts of a well-developed infrastructure, skilled workforce, and a strong focus on vertical integration. This translates to efficient production processes and competitive pricing. Turkish craftsmanship shines in carpets, rugs, towels, and bed linens, renowned for their quality and design.

Table: A decade of growth

Year	Textile Exports (\$ billion)	Apparel Exports (\$ billion)	Total Exports (\$ billion)
2014	10.2	14.5	24.7
2015	10.5	15.2	25.7
2016	9.8	14.1	23.9
2017	10.1	15.4	25.5
2018	11.2	17.3	28.5
2019	11.7	18.4	30.1
2020	9.8	15.4	25.2 (Pandemic Impact)
2021	11.4	18.1	29.5
2022	(est.) 11.0	(est.) 19.2	30.2

Source: ISIB Istanbul Textile and Apparel Exporters' Association
Reaching new horizons

Türkiye's export strategy focuses on geographical diversification, with a strong presence in established markets and a growing footprint in emerging regions.

Table: Türkiye's key exporting countries

Region	Total textile & apparel exports (2022) in %	Key countries
Europe	65%	Germany, Spain, UK, Italy
Middle East	15%	Iraq, Iran, Israel, Saudi Arabia
North America	10%	USA, Canada
Asia	5%	Russia, Central Asian Republics, Far East
Other	5%	Africa, Latin America

Source: Ministry of Trade, Republic of Türkiye

The European Union remains Türkiye's primary export destination, accounting for roughly 65 per cent of total textile and apparel exports. Germany and Spain are the top two European buyers, drawn to Türkiye's proximity, competitive pricing, and quality products.

However, Türkiye is actively looking beyond Europe. Exports to the Middle East and North Africa (MENA) region are on the rise, driven by cultural similarities and growing disposable incomes. Additionally, the US market holds significant potential, with increasing demand for Turkish-made apparel. Building brand recognition and establishing robust distribution channels are essential for success.

Strategies for continued growth

However, despite its global leadership, Türkiye faces fierce competition from Asian countries like Bangladesh and Vietnam necessitates continuous innovation and cost optimization. Then there are other challenges like fluctuations in Turkish Lira impact export competitiveness. The industry also faces pressure to adopt sustainable practices throughout the supply chain.

To move forward, the industry needs to invest in research and development for new fabrics, eco-friendly production methods, and trend-driven designs will be crucial to stay ahead of the curve. Embracing online platforms can also expand reach and tap into new consumer segments, particularly in emerging markets.

Since consumers are increasingly becoming environmentally conscious, implementing sustainable practices throughout the supply chain will enhance Türkiye's brand image and attract eco-conscious buyers. And for stronger and continued growth, Türkiye needs to focus on high-value products. Moving beyond basic garments, Türkiye can specialize in higher-margin products like technical textiles and designer apparel to boost profitability.

Türkiye's textile and apparel industry has a strong foundation for continued growth. By focusing on sector-specific development, diversifying export territories, and embracing innovation, Türkiye can further solidify its position as a global leader in fashion. As the industry evolves, adaptation and strategic investment will be key to weaving a stronger future for Turkish textiles and apparel exports.

Source: fashionatingworld.com– June 14, 2024

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NATIONAL NEWS

India's goods exports rise 9.1% in May 2024 to \$38.13 billion

India's goods exports in May 2024 increased 9.1 per cent (year-on-year) to \$38.13 billion, propped by sectors such as engineering goods, petroleum products, electronics, pharmaceuticals, and textiles, as global demand showed clear signs of picking up, according to government data released on Friday.

Imports in May 2024 increased by a lower 7.7 per cent to \$61.91 billion, with a rise in shipments of petroleum, transport equipment, silver, and vegetable oil, but the trade deficit widened to \$23.78 billion, which was a seven-month high.

Optimistic outlook

“With inflationary pressure coming down in advanced economies, there is higher purchasing power among consumers, leading to higher demand. We foresee the growth trend will continue,” said Commerce Secretary Sunil Barthwal at a press briefing on Friday.

Exporters are optimistic about the future, with a rise in bookings reflecting expectations of significant growth in global trade in 2024 projected by major international bodies including the WTO, the IMF, and the OECD. In 2023, there was a slowdown in world trade due to high inflation, rising interest rates, and sluggish demand.

“We further expect exports to show better growth numbers with improved demand coming in from the European Union, UK, West Asia, and the US, which has given a boost to order bookings by over 10 per cent and has come as a sign of recovery for labour-intensive sectors of exports,” said Ashwani Kumar, President, FIEO.

Good start

India's exports declined in 2023-24 by 3.1 per cent to \$437 billion, but FY25 started on a positive note, with exports posting growth both in April (about 1 per cent) and May.

Total exports in April–May 2024 posted a 5.1 per cent growth of \$73.12 billion. Imports during the period increased by 8.89 per cent to \$116.01 billion. The trade deficit during April-May 2024 was \$42.89 billion, compared with \$36.97 billion during April-May 2023.

Products that recorded a decline in exports in May 2024 included gems and jewellery, marine products, iron ore, cashew, and oil meals. There was also a significant 20 per cent drop in exports of spices in May 2024 to \$361.17 million, which followed the recall of certain Indian spice products in markets such as Hong Kong and Singapore.

The top five export destinations in May 2024, in terms of export growth (year-on-year), include Malaysia (86.95 per cent), the Netherlands (43.92 per cent), the UK (33.54 per cent), the UAE (19.43 per cent), and the US (13.06 per cent), per the data.

The top five import sources in May 2024 in terms of rate of increase (year-on-year) include Angola (1274.95 per cent), Iraq (58.68 per cent) the UAE (49.93 per cent), Indonesia (23.36 per cent) and Russia (18.02 per cent).

Source: thehindubusinessline.com– June 14, 2024

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Global container trade navigating in choppy waters

It's curious to see container carriers making profits despite being saddled with excess capacity and falling freight rates.

It is a strange phenomenon that when container carriers are saddled with some excess capacity and falling freight rates they are still able to make profits.

Shipping organisations suggest that container trades are expected to grow significantly lower, increasing The demand for ship capacity is likely to grow only by 3-4 per cent in 2024.

During 2022 containerized trade measured in metric tonnes declined by 3.7 per cent and Unctad projections of the UNCTAD suggest that it will increase by 1.2 per cent in 2023 and expand by over 3 per cent in 2024-28. It is to be noted that this rate is below the long term growth rate of about 7 per cent over the previous three decades. On the supply side container shipping seems to have entered an over capacity phase. (UNCTAD Review of Maritime Transport, 2023)

In 2023 world shipyards delivered 350 new container ships with a total capacity of 2.2 million TEUs (Twenty foot equivalent units), beating the previous record from 2015 when 1.7 million TEUs were delivered.

But in 2024, 478 container ships are expected to be delivered with a capacity of 3.1 million TEUs beating the 2023 record by 41 per cent. Thus, the container fleet capacity is expected to grow by 10 per cent in 2024. In other words, the fleet strength of container ships has reached 6,115 ships with a capacity of 27.8 million TEUs as on January 1, 2024 (Clarkson's Research-2023).

Over capacity

A few years ago, many had predicted that liner shipping would run into a massive over capacity situation in 2024-but so far the market has absorbed all the new capacity fairly well. "Alphaliner" noted in its most recent weekly report that vessel diversions via the cape of Good Hope and additional slow steaming due to stricter environmental regulations have "artificially" created fresh tonnage demand.

To manage over capacity, container ship operators implement many devices like blank sailing, lowered sailing speed, reroute ships and idle some excess capacity. In the first quarter of 2023, the average sailing speed slowed down by 4 per cent year-on-year and could drop by 10 per cent before 2025 (Chambers, 2023).

Lay ups and recycling are also likely to increase. By the first quarter of 2023 idle container ship capacity reached 3.2 per cent of the container fleet, up from 2.2 per cent in the previous quarter (Clarkson's Research, 2023).

The year 2022 began at very high levels for container freight rates – a continuation of the 2021 trends. This was primarily driven by sustained pandemic-related demand and port congestion which held up container ship capacity and reduced effective supply.

Despite the challenges faced in the second half of 2022 and market weakening, container carriers have generated record breaking profit of \$296.3 billion in earnings in 2022 before interest and taxes due to high freight rates and strong demand in the first half of the year (Drewry Maritime Research 2023).

After a year of high profits the decline in freight rates now is creating financial challenges for carriers. Hyundai Merchant Marine saw revenues drop by 58 per cent to \$1.6 billion in the first quarter of 2023 (Journal of Commerce 2023). Maersk's ocean segment also saw revenues fall by \$5.7 billion to \$9.9 billion in the first quarter of 2023.

The Red Sea crisis and disruption in global shipping seem to have come to their rescue as they are able to deploy their excess capacity.

Source: business-standard.com– June 14, 2024

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India, EU discuss CBAM concerns ahead of eighth round of FTA talks

Ahead of the eighth round of free-trade agreement (FTA) negotiations, India and the European Union (EU) discussed New Delhi's concerns regarding the carbon border adjustment mechanism (CBAM) that the trade bloc plans to implement from January 2026.

The eighth round of FTA talks between India and EU is scheduled from June 24-28 in Brussels.

According to the EU, CBAM is a tool to put a fair price on the carbon emitted during production of carbon-intensive goods that are entering the trade bloc.

Through the levy, it wants to encourage cleaner industrial production in non-EU countries. The CBAM's transition phase has kicked in from October 1.

“With the EU, we are discussing different areas where we need to work out mechanisms under CBAM.

We have also set up a carbon platform....what are the other measures in introducing carbon content, how do they account for accreditation or benefits to micro, small and medium enterprises (MSMEs) (are being looked at),” a senior government official said on Friday.

FTA with Oman

Another government official said the proposed free-trade agreement with Oman will restart soon, although talks are in the final stages.

“Oman also has some issues and we have some reservations on the petrochemicals sector. Indian firms are also doing capacity building in that and we are discussing that,” the official said.

He added that India hopes to conclude negotiations in the first 100 days of the new government.

Oman is seeking duty concessions on petrochemicals products such as polypropylene and polyethylene, used primarily in the plastics industry. At present, Customs duties on these products are around 7.5 per cent.

The outstanding issues with regard to the proposed FTA between India and the United Kingdom will be taken up after the general elections in Britain.

“The outstanding issues to seal the deal will be resolved once the general elections in the UK are over,” L Satya Srinivas, department of commerce additional secretary, told reporters. The UK's general elections will be held on July 4.

The second official cited above also said that since India has been negotiating several trade agreements, the commerce department is preparing a standard operating procedure (SOP) for FTAs. This is for the first 100 days of the new government.

That apart, amendments to the special economic zone law are also a part of the 100-day agenda.

Source: business-standard.com – June 14, 2024

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Trade deficit at 7-month high on rising imports; exports up 9% in May

India's merchandise trade deficit widened to a seven-month high of \$23.78 billion in May due to burgeoning imports, particularly of petroleum, vegetable oils, and transport equipment.

The data released by the commerce department on Friday showed merchandise exports grew 9.13 per cent to \$38.13 billion while imports rose 7.7 per cent to \$61.91 billion.

Petroleum products, which constitute nearly 32 per cent of India's imports, grew 28 per cent to \$19.95 billion.

Union Commerce Secretary Sunil Barthwal said the trade deficit was not "bad" if it was accompanied by steady inflows of foreign direct investment and foreign exchanges.

"When your economy is growing faster than the world (economy), then there will be higher demand for imports and higher charge on domestic production. So you will have less exportable surplus because most of the imported items will get into domestic (market) ... it will depend upon two factors -- import substitution and the rate of economic growth," he added.

Apart from petroleum products, items that drove import growth include transport equipment (31.88 per cent), silver (408 per cent), vegetable oils (27.5 per cent), and pulses (181 per cent).

On export, Barthwal expected the positive growth trend to continue.

"It's a good omen after the new government has joined that our (merchandise) exports have grown ... more than \$3 billion (in terms of value) in one month. This is a reflection of the fact that inflation in major advanced economies has slowed. With inflationary pressures coming down in advanced countries, there will be higher purchasing power ... this will raise demand for (their) imports," Barthwal said.

Export growth was driven by demand for petroleum products (15.75 per cent), engineering goods (7.39 per cent), electronic goods (22.97 per cent) as well as textiles (9.84 per cent).

Exports other than petroleum and gems and jewellery, an indication of a clearer parameter of the health of outbound shipments, saw a moderate growth rate of 8.8 per cent year-on-year at \$28.6 billion.

Aditi Nayar, chief economist at ICRA, said the merchandise trade deficit widened due to a jump in net oil imports.

“In sequential terms, 71 per cent of the enlargement in the merchandise trade deficit in May 2024 relative to April 2024 was driven by the net oil balance, with a sharp rise in volumes amid some cooling in prices. With the merchandise trade deficit enlarging by \$6 billion in April-May 2024 relative to the year-ago months, we expect the current account deficit to rise to 1.5 per cent of gross domestic product (GDP) in this quarter from 1.1 per cent of GDP in Q1 FY2024,” Nayar said.

Services exports saw 11.7 per cent growth at \$30.16 billion in May while services imports saw 8.8 per cent increase to \$17.28 billion, resulting in a surplus of \$12.88 billion.

The services trade data for May, however, is an “estimate”, which will be revised based on the Reserve Bank of India’s subsequent release.

Federation of Indian Export Organisations President Ashwani Kumar expects exports to show better growth numbers with improved demand in the European Union, the United Kingdom (UK), West Asia, and the United States, which has given a boost to order bookings by over 10 per cent and has come as a sign of recovery for labour-intensive sectors of exports.

“Addressing the West Asian geopolitical situation and Red Sea crisis challenges by ensuring availability of marine insurance and rational increase in freight charges is essential. The sector also needs easy and a low cost of credit, marketing support and conclusion of some of the free-trade agreements with the UK, Peru, and Oman soon,” he said.

Source: business-standard.com – June 15, 2024

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India looks to sign FTA after UK elections, 8th round of talks soon

The long-awaited trade deal between India and Britain is likely to be signed after the completion of elections in the United Kingdom as the officials of India and the United Kingdom met virtually on May 7 last month.

Last month, the Ministry of Commerce organised a Chintan Shivir to provide information related to Free Trade Agreement (FTA) to the stakeholders and officials. During the meeting officials discussed strategies and vision for 2047, economic assessments and modelling of FTAs, inclusion of new disciplines like environment, labour, gender issues, and digital trade.

The meeting was organised under the Chintan Shivir initiative of the commerce ministry, GoI.

Britain's PM Rishi Sunak has called for a snap election in the country. July 4 is the date of elections in the UK.

A total of 13 rounds of negotiations for the India-UK FTA have been held so far, and the 14th round began on January 10, 2024.

reported last month, citing sources that chapter-wise textual negotiations have nearly been completed, and negotiations on goods and services were at an advanced stage.

The trade negotiations between both countries opened in January 2022. It aims to secure an "ambitious" outcome for bilateral trade - currently worth around GBP 38.1 billion a year, according to official statistics.

The UK wants India to drastically lower tariffs on UK exports, which can now be as high as 150 per cent, including food, automobiles, and whisky. This is one of the main issues involved in the FTA discussions.

India is also concerned about the fairness of the regulations pertaining to its personnel who are temporarily relocated to the UK on business visas and are required to pay national insurance even though they are not qualified for social security or pensions in the UK.

Separately, Indian and European Union officials met to discuss the India-EU free trade agreement. During the meeting, both sides discussed various policy areas such as market access in goods, services, investment and government procurement, rules of origin, SPS / TBT, energy and raw materials, trade and sustainable development and intellectual property rights (IPR).

Discussions have also taken place on challenges associated with CBAM 8th Round of Negotiations is scheduled from 24th to 28th June 2024 in Brussels, as per the sources.

India is currently in negotiations with various countries and unions for free trade agreements. It includes FTA talks with the UK, EU, Australia, Eurasian Economic Union and Peru.

Source: economictimes.com– June 14, 2024

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DGFT wants interest equalisation scheme for exporters to continue

In a move set to bring relief to exporters, the Directorate General of Foreign Trade (DGFT) has concluded that there is merit in continuing the interest equalisation scheme for the export sector and is in discussions with the Finance Ministry on the terms of its extension beyond the month-end, sources have said.

The scheme, which allows exporters of 410 identified products and all MSME exporters to access bank credit at a subsidised interest rate determined by the government, is set to lapse on June 30.

“The DGFT recently consulted export bodies and banks on the usefulness of the interest equalisation scheme. The study had been proposed by the Finance Ministry.

It concluded that the scheme was being used by exporters to bring down their cost of credit and hence adding to their competitiveness. The DGFT is thus pushing for its continuation,” an official tracking the development told businessline. The DGFT is an attached office of the Ministry of Commerce & Industry.

FinMin may not extend

While the duration of the extension of the scheme is yet to be determined, the Finance Ministry is not in favour of increasing the rates of subvention which has been a big demand of exporters, the official added.

“Exporters want the interest equalisation scheme to be extended by 3-5 years to ensure continuity and predictability. It has to be decided whether the scheme will be extended till the end of the fiscal or beyond for a longer term,” the official said.

First implemented in April 2015 for five years, the interest equalisation scheme provides a 2 per cent interest subvention or subsidy on loans taken by exporters from 410 identified sectors and a 3 per cent subvention to exporters from the MSME sector. While the subsidy is provided by the banks, they are later reimbursed by the government for their lower interest earnings.

In its submission to the government, exporters body FIEO said the interest equalisation scheme for exporters provided much needed competitiveness to Indian exports and also made a case for higher subvention rates arguing that interest rate in India was much higher than the rates in competitor countries.

It also pressed for an increase in subvention rates by 2 per cent pointing out that the rates were reduced when repo rate was brought down to 4.4 per cent but it had subsequently increased to 6.5 per cent.

Source: thehindubusinessline.com – June 13, 2024

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