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USD	EUR	GBP	JPY
83.43	89.64	105.91	0.52

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INTERNATIONAL NEWS

US' leading economic index falls 0.5% in May 2024: TCB

US' leading economic index (LEI) fell by 0.5 per cent in May 2024, bringing the index down to 101.2, according to The Conference Board (TCB). This follows a 0.6 per cent decrease in April. Over the six-month period from November 2023 to May 2024, the LEI decreased by 2 per cent, a smaller contraction compared to the 3.4 per cent decline observed in the previous six months.

In contrast, the coincident economic index (CEI) for the US showed an increase of 0.4 per cent in May 2024, reaching 112.4, following a 0.1 per cent rise in April. The CEI grew by 0.6 per cent over the six-month period ending in May 2024, which is lower than the 1.0 per cent growth recorded in the previous six months.

All four components of the CEI—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—improved last month, with industrial production contributing the most to the index.

Meanwhile, the lagging economic index (LAG) for the US slightly decreased by 0.1 per cent in May 2024, bringing it to 119.4, after a 0.3 per cent increase in April. Consequently, the LAG's six-month growth rate softened to 0.7 per cent from November 2023 to May 2024, down from 0.8 per cent over the previous six months.

"The US LEI fell again in May, driven primarily by a decline in new orders and weak consumer sentiment about future business conditions," said Justyna Zabinska-La Monica, senior manager, business cycle indicators, at The Conference Board. "While the index's six-month growth rate remained firmly negative, the LEI doesn't currently signal a recession. We project real GDP growth will slow further to under 1 percent (annualised) over Q2 and Q3 2024, as elevated inflation and high interest rates continue to weigh on consumer spending."

Source: fibre2fashion.com– June 25, 2024

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Export recovery & EMs fuel robust growth in Asia-Pacific: S&P Global

Asia-Pacific growth remains robust, led by emerging markets (EMs) and exports, according to a recent report by S&P Global. The region's economic momentum is influenced by a combination of export recovery and the impacts of elevated interest rates and inflation. Trade-dependent economies such as Hong Kong, Malaysia, South Korea, and Thailand have seen GDP growth supported by the resurgence in exports in early 2024. Conversely, in developed economies like Japan, Australia, and New Zealand, higher interest rates and inflation have negatively affected household spending and investment.

In Asian emerging markets, solid domestic demand growth has remained largely unaffected by tighter monetary policy, due to weaker transmission mechanisms. India's economic growth continues to outperform expectations, with GDP growth for fiscal 2024 revised up to 8.2 per cent. Export volumes are also rising in China and several Southeast Asian countries, contributing to a positive outlook for global demand growth, as per S&P Global.

The prospect of sustained high US policy rates is expected to limit monetary policy easing in the Asia-Pacific region, impacting domestic demand. Interest rates in the region are anticipated to start falling only late in 2024, with the positive effects on growth expected in 2025. Despite delays in US rate cuts, the resilience of the US economy benefits Asia-Pacific exports and growth.

S&P Global projects higher GDP growth in 2024 for Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam due to better export performance. Japan, however, is expected to see slower GDP growth as inflation affects real incomes and consumption.

Australia faces lower GDP growth driven by restrictive interest rates, though a resilient labour market helps ease growth strains. India's growth is projected to moderate to 6.8 per cent this fiscal year, influenced by high interest rates and reduced fiscal stimulus. Other Asian EMs, including the Philippines, Vietnam, and Indonesia, are expected to see robust growth driven by solid domestic demand and export recovery.

Overall, the region excluding China and Japan is projected to grow by 5.1 per cent in 2024, compared to 5.4 per cent in 2023, and 5.2 per cent in 2025. Key risks to this growth include a sharper-than-expected US slowdown, weaker growth in China, and a significant slowdown in domestic consumption. Additionally, policies restricting trade and investment pose challenges, potentially leading to supply chain adjustments and impacting overall trade and economic activity.

Inflation pressures have eased in the Asia-Pacific region, though Indian headline inflation remains high due to food prices. Despite declining underlying inflation, the delay in US policy rate cuts is prompting Asia-Pacific central banks to postpone their own rate easing to manage capital flows and currency depreciation. Many central banks have taken measures to limit foreign exchange market pressures, including raising policy rates, tightening capital market regulations, and intervening in foreign-exchange markets.

Currencies in the region have depreciated by an average of 4 per cent against the US dollar in 2024, with Japan and Indonesia experiencing the largest weakening. Exchange rate management in countries like China and India has kept depreciation relatively low. Despite these challenges, Asian EMs are generally well-positioned, with flexible currencies and adequate foreign reserve coverage.

In Japan, gradual increases in policy rates are expected as price and wage-setting behaviour changes. The Bank of Japan is preparing to reduce its asset purchases under its quantitative easing programme, though interest rates are projected to remain lower than in other major advanced economies. Overall, the report highlights the complex interplay of factors shaping economic growth in the Asia-Pacific region, with emerging markets leading the way amidst a challenging global environment.

Source: fibre2fashion.com– June 25, 2024

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ACSA Unites with Brazil, Australia to Help Increase Cotton's Value

The American Cotton Shippers Association (ACSA), the Brazilian Cotton Shippers Association (ANEA), and the Australian Cotton Shippers Association have signed a landmark Memorandum of Understanding (MOU) to collectively address matters of efficiency in the global supply chain, enhance security within the cotton trade, and recognize cotton's comparative sustainability to manmade fiber.

The memorandum, which was signed and formalized at the ACSA Annual Convention in Scottsdale, AZ on June 14, aims to establish dialogue to identify issues of shared interest, strengthen mutual understanding, and provide opportunities for the exchange of ideas and information.

"While it may seem curious that we are collaborating with our largest competitors, we have a collective incentive to address matters that impact cotton's value around the world," says ACSA President and CEO Buddy Allen.

"The issues that we are focused on can immediately reduce the cost of raw cotton landed at destination, creating enhanced competitiveness to alternative fibers and simultaneously illuminate cotton's value."

ACSA Vice President Shea Ishee adds, "ACSA is committed to take bold action to increase the value proposition for cotton production in the United States. This requires a global perspective to compete."

The agreement recognizes the positive contributions of the production and consumption of cotton to global economic development and supply chains. The goal is to ensure the long-term economic and social vitality of their respective industries in the countries they represent through a collaborative approach to global industry issues.

Brazilian Cotton Shippers Association (ANEA) President Miguel Faus states, "We are excited to develop areas and methods of cooperation with the aim of building stronger awareness among consumers and policymakers about the positive contributions of the production and consumption of cotton in global markets."

"The merchant communities in the U.S., Brazil and Australia – and indeed the wider cotton communities they represent – welcome the opportunity to work as one," says Australian Cotton Shippers Association Chairman Tony Geitz. "We aim to lead discussions around policy making and global supply chains to ensure cotton remains in high demand."

Source: cottongrower.com– June 24, 2024

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Weather, Not Demand, Now Controls Cotton Market

The tiny cracks in the bears' armor remain just that – tiny. Yet, they exist and absent an absolutely unexpected widespread excellent rain over some nearly two million acres of Texas cotton (primarily Districts 1-N and 1-S) over the next two weeks, those cracks will begin to widen. Certainly, much more moisture is needed over the vast dryland acreage of 1-S.

Expect the current price rally to continue as July hits first notice day on June 24. The price rally is supply based and will move in tandem with moisture deficits. Thus, continue to look for higher prices in the new crop December contract.

Yet the market would like to see some signs of improved demand, but it will not. If weather conditions follow last year's pattern, December futures could be in for a maximum 10-cent rally into the October-November harvest season. A 10-cent rally would take December back to the 82-cent area with a chance of 84 cents. World carryover would support prices in the low 80s.

Historically, U.S. carryover, projected at 4.1 million bales, would support higher prices. However, the loss of U.S. market share in the world trade arena negates any bullish significance of a carryover as low as 4.1 million bales. Again, such a rally would be entirely weather based, given current economic forecasts.

Thus, not only U.S. weather but crop progress in the other major world production regions are of paramount importance to the New York ICE price activity. There is also increased attention to hurricane activity in the Gulf and South Atlantic states.

The weekly export report again detailed the aggressiveness of mills buying for future delivery as net weekly sales of upland totaled 189,000 bales. China was the principal buyer, taking 84,500 bales.

Vietnam bought 37,100 bales, and Pakistan bought 33,800 bales. While 18 countries bought U.S. upland, none of the other 15 countries bought more than 4,900 bales each. Thus, while buying was widespread, mill yarn business remained very weak.

Another validation of weak mill business was noted in the shipments report. Export shipments totaled only 197,900 bales of upland, coming in below the average weekly volume required to meet USDA's recently reduced shipment estimate of 11.8 million bales for the 2023-24 marketing season for the ninth consecutive week. The primary shipping destinations on the week were China, Vietnam, Turkey, Pakistan, and Indonesia.

The old crop July contract expiry begins Monday, June 24. Certificated stocks total 136,656 bales, and recent trading activity suggests that merchants do not want to take ownership. Too, another 5,334 bales were awaiting certification review. Given the recent price collapse, it is expected that as much as three-fourths of the stocks, or more, will be delivered against the contract. Again, this is another validation that current mill business is weak.

The current weakness in demand has already been factored into new crop December contract prices. Weather, not demand, will control prices during the coming months. Thus, it again becomes the market adage that "what happens tomorrow is much more important than what happens today."

Look for December to slowly – very slowly – continue its trek to higher prices.

Source: cottongrower.com– June 24, 2024

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Uzbekistan exports $1.29bn in textiles in 5M24

Uzbekistan exported textile products worth $1.29bn, representing 11.8% of the total export volume. This figure marks a 0.5% increase compared to the same period in 2023. The increase in textile exports is a direct result of reforms aimed at shifting from raw cotton production to finished goods, thereby adding more value, Statistics Agency disclosed.

This growth in exports is attributed to the adoption of new production technologies, modern equipment, and the implementation of quality management systems.

In 4M24, Textile exports exceeded $1bn, marking a 1.4% increase compared to the same period in 2023. From January to May 2024, Uzbekistan's textile exports totaled $1.29bn. Therefore, the textile exports increased by 29% from January-April 2024 to January-May 2024.

click here for more details

Source: daryo.uz– June 24, 2024

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Indonesia's textile sector sees job cuts soar

Tens of thousands of textile and textile product (TPT) workers in Indonesia have been laid off in the first half of this year, President of the Confederation of Indonesian Trade Unions (KSPN) Ristadi said on June 23, describing the sector's situation as an emergency.

Ristadi said the condition of the TPT industry sector is critical, especially for locally oriented factories, as the domestic market is increasingly flooded with imported goods. Clothing, textiles, and footwear from abroad continue to inundate Indonesia's domestic market.

According to KSPN, since the beginning of 2024, 13,800 workers in Indonesia's textile industry have been laid off due to plummeting orders, with some companies even experiencing a complete halt in operations. Currently, only export-oriented textile firms are managing to survive.

The actual number of laid off worker is almost 50,000 workers. However, many companies do not want their names to be exposed to maintain trust from banks and buyers.

Ristadi noted that most of the layoffs occurred in West Java and Central Java, which are home to the TPT production hubs.

He said that the wave of closures is primarily triggered by Trade Minister Regulation (Permendag) No. 8 of 2024, which relaxes import restrictions on ready-made garments, flooding the domestic market with imported clothes. As a result, domestic textile production has been facing many difficulties.

Source: en.vietnamplus.vn– June 24, 2024

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Texworld Apparel Sourcing Paris to host over 1200 exhibitors this July

Nearly 1,200 exhibitors from 26 countries will gather in Hall 7 of Paris Expo, Porte de Versailles, from July 1 to 3, 2024. A must-attend event in a dynamic and ambitious setting... And lots of new features.

Messe Frankfurt France's entire textile and apparel offer

Messe Frankfurt France's full range of textile and apparel products will be on display for three days in the fashion capital: Texworld and Apparel Sourcing will be joined by the Avantex sector, which brings together suppliers of innovative solutions for a more efficient and sustainable fashion industry, and Leatherworld, dedicated to the leather industry, from raw materials to finished products. A total of 1,154 companies from 26 countries will be represented on two levels of Paris Expo Porte de Versailles (7.2 and 7.3). This summer's edition will feature several new initiatives.

Focus on yarn at Yarn Expo, leather trends at Leatherworld

Among the new features at Texworld 2024 is a pavilion devoted entirely to yarn, in Hall 7.2. Organized in conjunction with Yarn Expo - a Messe Frankfurt trade show originally based in Shanghai - this space will take visitors upstream in the yarn industry, shedding light on the know-how of cutting-edge companies from China, India, Pakistan and Taiwan. Leatherworld, meanwhile, will host a trend area featuring the show's Italian manufacturers. Co-produced with publisher Edizioni AF and Arsutoria School's Design Center, the Leather Trend will showcase, on four separate podiums, the major current trends in the components used to manufacture shoes and bags. These presentations will be enhanced twice a day by a series of twenty-minute mini-conferences.

Focus on Chinese brands, new accessory categories

This year, Apparel Sourcing welcomes around thirty Chinese manufacturers, offering their own brands as well as to produce under white label for European distributors. They will be identified by a special "Chinese Brands Gallery" logo, to make it easier for buyers to find what they're looking for. This offer will also be visible and displayed on mannequins in the Chinese Brands Gallery Bar in Hall 7.3. In the spirit of

openness, another new element at this year's autumn edition is the introduction of exclusive new categories in the fashion accessories sector - jewelry and bag ranges - to enable buyers to complete and expand their collections.

More near sourcing

Near sourcing countries have not been forgotten this year, as the offer of some twenty Portuguese, Turkish and Serbian companies will be accessible on the

Near Sourcing Hub: the samples on display are linked by QR Code to the digital B2B platform of FourSource, a partner of Messe Frankfurt France. This feature enables visitors to obtain detailed information or to be guided through the contact process. African production, which is playing an increasingly important role in global fashion sourcing, will also be in Paris, with companies from Rwanda and Ethiopia at Apparel Sourcing, and from South Africa at Leatherworld.

Econogy Tour: guided tours around the sustainable economy

Trade fairs continue to focus on Texpertise Econogy, which combines the notions of ecology and economic development. Championed by the Messe Frankfurt Group, this concept now frames the approach taken by its Texpertise Network worldwide, and can be applied in various ways. Firstly, the Econogy Finder, an online directory accessible via the Texworld Apparel Sourcing Paris application, enables visitors to identify all sustainably produced textile suppliers (around 80 companies). These exhibitors' booths, whose CSR commitments have been verified by a third-party organization, will also be marked with Econogy symbols.

New for 2024, two Econogy Tours will enable visitors to meet a selection of Econogy-certified companies and discover their products and services. These guided tours, led by a specialist in the sustainable approach, will be operated on Monday and Tuesday for buyers who wish to do so (appointments are set for 12:30 p.m. in the agora). Last but not least, Econogy Talks will mark out conferences dealing with topics linked to the sustainable economy (see conference program below) to help visitors manage their schedule.

A new Designer Hub completes the ReSources area at Avantex

Some twenty suppliers will be exhibiting at this year's Avantex sector, which has been enriched by the addition of a Designer Hub. This meeting place for designers and buyers will provide an opportunity to discover original initiatives such as designer Jean-Luc François' association, supported by Messe Frankfurt's Texpertise network, which trains people with little access to employment, 3D design expert Scotomalab, and stylists and designers Rozz Connor and Maeva Elfassi.

The ReSources area completes Avantex's offering with a selection of materials at the cutting edge of sustainable innovation: 4 companies (two German, one French and one Greek), selected in partnership with the TCBL association, have collaborated on the European HEREWEAR project aimed at creating tomorrow's locally-produced circular textiles and clothing from bio-based waste. The outcome of their collaboration, presented for the first time in France, will be exhibited in phygital mode: the samples on display will be connected by a QR Code to the FourSource matchmaking platform.

Avantex Fashion Pitch: solutions for tomorrow’s fashion

The Avantex Fashion Pitch contest rewards the best innovative and sustainable fashion and textile projects. The selected winners will present their work on July 1 at 4:00 pm in the form of a 5-minute pitch to a panel of experts composed of:

- Claudia Cesiro, Founder of The Ace Project and start-up mentor,
- Élodie Lemaire-Nowinski, Director of the National Tartan Centre Project, and researcher at the Glasgow School of Art,
- Yoobin Jung Venture Associate - Sustainability at Plug&Play Tech Center
- Jayne Estève-Curé, fashion and luxury expert.

The winner will receive a "Start-Up" stand at the next edition of Avantex, a €2,000 prize provided by Messe Frankfurt France and the Texpertise network, as well as a year's incubation in the Foundry at IFA Paris.

Conferences, trends and forecasting

True to its mission as a pathfinder, the Texworld Apparel Sourcing Paris platform does its utmost to offer visitors perspectives on market trends

and the demand orientation. Conferences and events in the Agora on Monday July 1 and Tuesday July 2 will explore market trends and forecasts in detail. Louis Gérin, one of the shows' two Artistic Directors, will comment on "IMPERFaiCTION", the Trendbook for the Autumn-Winter 2025/2026 season, highlighting the creative directions that will shape tomorrow's fashion (Monday July 1 at 1:30pm). Several round tables on the Avantex Paris agenda will focus on innovative textiles and solutions to support fashion's ecological and digital transition, and will be categorized as Econogy Talks (green background).

Source: fibre2fashion.com– June 24, 2024

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Pakistan: Cotton's fall from the top

There was a time when Pakistani cotton was plentiful, internationally competitive, and an excellent investment for farmers. This low-cost and low water consumption crop was in demand both domestically and internationally. And why would it not be? Pakistan had a thriving textile business that exported to major international markets such as the Gulf, Europe, and the Americas, with many millers having major international clothing brands as clients.

But the glory days are a thing of the past. Just last week two stories hit the newsstands that paint a bleak picture of Pakistan's largest export oriented sector. First, this paper's sister publication, Profit, reported on multiple textile millers selling their machines to foreign countries because they were sitting by turning into scrap. There simply isn't enough demand or enough cheap energy for them to produce yarn as they once did. The second story was about how cotton ginners across the country have gone on an indefinite strike to protest against new taxes and an "exorbitant" rise in the power tariff for ginning units.

There was once a time when textile was the undisputed King of Industries in the country. The country had a steady domestic supply of high grade cotton and plenty of clients not just in the Gulf but also in Europe and the United States that relied on Pakistan's ability to produce clothes fast and export them. It is no wonder then that textiles are still the largest export oriented sector in the country. In fact, 2005 marked a milestone year for Pakistan with GMO cotton seeds being introduced in the country, and the highest ever recorded cotton production of over 1.4 crore bales.

But in the nearly twenty years since, something has gone wrong. Here is a sobering fact. Two decades ago, Pakistan's cotton was in demand globally. However over those 20 years, countries such as Bangladesh, Vietnam and Cambodia have all surpassed Pakistan.

In 2003, when Pakistan's textile exports were $8.3 billion, Vietnam's textile exports were $3.87 billion, Bangladesh's were at $5.5 billion. Now Vietnam is at $36.68 billion and Bangladesh is at $40.96 billion, while Pakistan is struggling to hit $25.3 billion in 2022.

The reasons for this are manifold. Perhaps most significant in contributing to this was the energy crisis of 2008, which ended in the number of textile mills operating in the country falling from about 450 units in 2009 to 400 units in 2019. It was in this vacuum that countries like Bangladesh and Cambodia made their own space.

In the past few years there has been something of a small recovery thanks to Covid-19, where an anomaly of international trade meant Pakistan's textiles were back in demand and farmers were also growing cotton. But that has proven a mere blip. In the year 2023, despite textile manufacturers making big bucks, textile exports in terms of volume actually dipped by 15% to $16.5 billion.

Until the government controls high energy prices and encourages the growth of cotton over water guzzling crops like sugar, the situation is not likely to improve.

Source: pakistantoday.com.pk– June 24, 2024

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Concern over impact of soaring sea freight costs on trade in Vietnam

Global container shipping fees have increased, while costs on routes from Asia to Europe have risen by 11-14 per cent, according to statistics from the Vietnam Maritime Administration (Vinamarine), which recently called for efforts to minimise the impact of soaring sea freight costs on imports and exports.

It is feared that the lack of empty containers, disruptions caused by the Red Sea conflict and rising transport demands could push up sea freight rates to the records set during the COVID-19 pandemic, according to a domestic news outlet.

Rates are rapidly rising and even changing within a day, said Pham Quoc Long, president of the Vietnam Ship Agents, Brokers and Maritime Services Providers Association.

Shipping lines normally quoted container freight rates earlier for 15-30 days, but now they quote only for a week.

Current rates are double but are still five times lower than during the COVID-19 pandemic.

Long urged domestic charterers to join together so that they could have better negotiate with carriers.

The ministry of transport recently asked Vinamarine to work with port companies, associations and shipping lines to figure out problems and offer possible solutions.

Vinamarine has asked supervision to be enhanced on the collection of port services charges and surcharges in addition to container shipping fees.

Efforts also need to be enhanced to prevent congestion at ports, ensure the supply of empty containers and speed up the release of goods.

Source: fibre2fashion.com– June 24, 2024

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Vietnam's Q2 GDP growth to be 5.3% amid inflation: Standard Chartered

The Standard Chartered Bank's recent macro-economic updates about Vietnam projects the country's gross domestic product (GDP) growth in the second quarter (Q2) to moderate to 5.3 per cent from 5.7 per cent in Q1.

The country's retail sales and export growth in June are expected to ease to 8.2 per cent and 14.2 per cent compared to 9.5 per cent and 15.8 per cent in May respectively, the bank's economists noted.

Imports and industrial production in June this year are likely to grow by 26 per cent and 5.2 per cent compared to May's 29.9 per cent and 8.9 per cent respectively.

Inflation in June may rise to 4.5 per cent from 4.4 per cent in May, thereby marking a third straight month when it has stayed above 4 per cent, a domestic media outlet reported.

"Despite the likely slowdown in the second quarter, we think Vietnam's recovery remains intact. However, economic challenges could persist in the third quarter amid rising price pressures, foreign exchange weakness and soft global demand," said Tim Leelahaphan, economist for Thailand and Vietnam at Standard Chartered Bank.

The bank anticipates the country's central bank to hike the refinancing rate by 50 basis points ahead in Q4 2024 in response to rising inflation.

Source: fibre2fashion.com– June 25, 2024

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Bangladesh gets $900 mn World Bank financing for sustainable growth

The World Bank has approved two projects totalling $900 million to help Bangladesh strengthen fiscal and financial sector policies and improve urban infrastructure and management to ensure sustainable and climate-resilient growth.

“Decisive reforms will help Bangladesh sustain growth and strengthen resilience to climate change and other shocks,” said Abdoulaye Seck, World Bank country director for Bangladesh and Bhutan. “These new financing operations will help Bangladesh in two critical areas – the financial sector and urban management — to achieve its vision of upper middle-income status.”

The second recovery and resilience development policy credit ($500 million) — the last in a series of two credits — supports fiscal and financial sector reforms to accelerate sustainable growth and build resilience to future shocks, including climate change, World Bank said in a press release.

The programme supports the transition from trade taxes to consumption and income taxes, which will help Bangladesh, strengthen competitiveness and prepare for LDC graduation. It will help institutionalise the public procurement authority responsible for the electronic government procurement (e-GP system), which will cut down the average e-GP procurement lead time from 70 days to 55 days.

It supports stronger banking sector oversight and improved management of National Savings Certificates. It will also help improve the efficiency and targeting of cash-based social protection programmes and scale up public and private climate adaptation and mitigation investments.

“A well-functioning financial sector is critical for Bangladesh to increase investment and improve access to finance for those left out of formal banking systems,” said Bernard Haven, World Bank senior economist and task team leader for the programme. “The government has adopted strong macroeconomic reforms to address external imbalances and a new legislative framework to strengthen the financial sector.”

The financing will help streamline the bank recovery framework, implementing a prompt corrective action framework to address undercapitalised banks. It will also bolster social protection programmes, safeguarding the most vulnerable during economic downturns and natural disasters.

The Resilient Urban and Territorial Development Project ($400 million) will help improve climate-resilient and gender-responsive urban infrastructure and urban management capacities in seven city clusters along the economic corridor covering over 950 kilometers of the highway from Cox Bazaar in the south to Panchagarh in the north of Bangladesh.

In 2021, about 38 per cent of the country's population lived in urban areas. This number is projected to rise to 60 per cent by 2050. The trend of urbanisation has largely been driven by the rapid growth of manufacturing sector jobs in the Dhaka metro area, making Dhaka one of the most densely populated cities in the world. Climate resilient development in secondary cities will help absorb climate migrants while helping reduce congestion in Dhaka. The project prioritises coordinated investment in infrastructure and planning across these cities, ensuring a holistic approach compared to individual city plans.

The project will help provide investments to support the development of strategically important corridors and city clusters. It will help create jobs, enhance rural-urban linkages and transition, and strengthen food supply chains, and link to domestic markets and global value chains.

It will improve connectivity between the selected cities and surrounding Union Parishads by improving roads and bus terminals and also create new economic opportunities by enhancing facilities for tourism, open spaces, and others. The infrastructure designs will incorporate the needs of female users and green building features including rainwater harvesting, the release added.

"This will be the first in a series of projects helping build resilience to climate change and create new opportunities and jobs in secondary cities through spatially targeted investments," said Kwabena Amankwah-Ayeh, World Bank senior urban development specialist and task team leader for the project. "Developing secondary cities as growth hubs will be critical for the country's sustainable growth."

Selected municipalities and city corporations will receive subgrants for investing in climate-resilient and gender responsive infrastructure. The selected cities are expected to increase revenues by 20 per cent. They will form town-level coordinating committees, where at least one-third of the members will be women.

The World Bank was among the first development partners to support Bangladesh following its independence. Since then, the World Bank has committed about $41 billion in grants and interest-free credits to Bangladesh. In recent years, Bangladesh has been among the largest recipients of the World Bank's interest-free credits.

Source: fibre2fashion.com– June 24, 2024

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NATIONAL NEWS

Third Meeting of Committee on Cotton Production and Consumption (COCPC) for the Cotton Season 2023-24 held

The Third Meeting of Committee on Cotton Production and Consumption (COCPC) for the Cotton Season 2023-24 was held today, i.e., on 24.06.2024 under the Chairpersonship of the Textile Commissioner, Ministry of Textiles, Government of India Smt. Roop Rashi.

Representatives from Central Govt., State Govt., Textile Industry, Cotton Trade and Ginning & Pressing Sector attended the meeting. The Cotton scenario was deliberated covering State-wise Area, Production, Import, Export and Consumption of Cotton.

Addressing a post-meeting press conference, Textile Commissioner Smt. Roop Rashi said industry would be having enough raw material availability. She also informed that cotton consumption has increased and this year second highest consumption out of last ten years has been marked.

Textile Commissioner further stated, “Industry is on a good path and we look forward to better consumption statistics”. The Chairman-cum-Managing Director, the Cotton Corporation of India (CCI) Ltd., Shri Lalit Kumar Gupta informed that, to have transparency and better cotton, each and every bale is now under QR code traceability with information of village of procurement, factory where processed and date of selling.

click here for more details

Source: pib.gov.in– June 24, 2024

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South Korea trade: India did better on manufactured goods, grew at 6.4%

India's exports of manufactured goods to South Korea have grown at a faster rate than imports from financial year 2010-11 (FY11) to FY24, since the two countries signed a trade agreement more than a decade ago.

India's export of manufactured goods to South Korea grew at 6.4 per cent, compared to a 4.3 per cent increase in overall exports to the country since FY11, shows a Business Standard analysis of trade data from the Centre for Monitoring Indian Economy (CMIE).

The growth in manufactured goods export is also higher than the 4.7 per cent increase in manufactured goods imports seen over the same period

The Comprehensive Economic Partnership Agreement (CEPA) between the two countries involved more than 12 rounds of negotiations and came into effect in January 2010 (FY11).

It looked to reduce trade restrictions on a wide range of goods with reports indicating an upgraded agreement in the works.

The rise in India's manufactured goods exports was led by engineering goods.

The export category grew from $947.3 million in FY11 to $2.7 billion in FY24. This is a compound annual growth rate (CAGR) of 8.4 per cent, the fastest growth after electronics (14.8 per cent) and readymade garments (11 per cent).

But both the other two categories involve a lower value of goods traded. The total value of readymade garments exported to South Korea in FY14 was $56 million. It was $152.9 million for electronic goods.

The largest categories of manufactured goods exported to South Korea after engineering goods is chemicals and related products and textiles excluding readymade garments, though the latter has seen de-growth since FY11.

Electronic goods were among the fastest growing segments among major manufactured goods imported from South Korea.

They grew from $1.6 billion in FY11 to nearly $4 billion in FY24.

click here for more details

Source: business-standard.com– June 24, 2024

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Pre-Budget meet: Exporters to seek support measures to boost exports

New Delhi: Exporters are likely to seek fiscal support measures in their pre-budget meeting with Finance Minister Nirmala Sitharaman here on Tuesday to increase the country's exports to USD 2 trillion by 2030, an industry official said. The country's exports of goods and services have increased to USD 778 billion in 2023-24 from USD 478 billion in 2017-18.

"The aim is to take it to USD 2 trillion (USD one trillion each for goods and services) by 2030. It is an ambitious target but achievable, and it requires extra efforts by the exporters and support measures from the government," the industry official said.

The exporters may demand fiscal incentives to promote research and development, extension of the Interest Equalisation Scheme, and marketing support provided through the Market Access Initiative (MAI).

The equalisation scheme will end on June 30 this year. It was started on April 1, 2015, and was initially valid for five years up to March 31, 2020. On December 8, 2023, the Union Cabinet approved an additional allocation of Rs 2,500 crore for the continuation of the scheme up to June 30. The scheme helps exporters from identified sectors and all MSME manufacturer exporters to avail of rupee export credit at competitive rates at a time when the global economy is facing headwinds.

Exporters get subsidies under the 'Interest Equalisation Scheme for pre and post-shipment rupee export credit.

Currently, the scheme provides an interest equalisation benefit at the rate of 2 per cent on pre and post-shipment rupee export credit to merchant and manufacturer exporters of 410 identified tariff lines at 4 digit level and 3 per cent to all MSME manufacturer exporters. These sectors include handicrafts, leather, certain fabrics, carpets and readymade garments.

During April-May 2024-25, merchandise exports rose by 5.1 per cent to USD 73.12 billion, and imports rose 8.89 per cent to USD 116 billion.

Source: economictimes.com– June 24, 2024

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Chatroom: EO against AA can be discharged through physical/deemed exports

Para 4.30 of HBP prescribes the procedure for obtaining advance authorisation (AA) for intermediate supplies. This is somewhat inconvenient for us because we have a number of customers to whom we have to supply our goods that they will use as inputs in their manufacture of the export products. We have to enter into tie-up agreements with each one of them and we have to wait for the invalidation letters issued against their AA every time and then apply for our AA for intermediate supplies. We are considering obtaining AA for physical imports, import our raw materials under notification 21/2023-Cus dated April 1, 2023, manufacture the intermediates and then supply against invalidation letters as and when they are issued. Are we likely to encounter any difficulties under this type of arrangement?

The DGFT Policy Circular no.1/2024 dated April 12, 2024 says that AA holder holding an AA issued on or after 01.04.2015, under customs notification no. 18/2015-Customs, dated 01.04.2015 has option to fulfill the export obligation either by physical exports or by making domestic supplies under Para 7.02(A) (a) of FTP 2015-2020 i.e. supply of goods against AA/AA for annual requirement/DFIA.

In my opinion, this circular lays down a principle that is equally applicable for AA issued during the current Foreign Trade Policy 2023 under notification no.21/2023-Cus dated April 1, 2023 also. However, it is better if you get this point clarified by the DGFT.

We are an EOU. We had made certain purchases under high seas sales arrangements where we made payment in INR. Our consultant says that according to the DC, Kandla SEZ, we are required to show such payments in INR also in our NFE calculation. Is this correct?

Yes. Para 6.10 of HBP is quite clear that payments made in INR towards high seas sales will also enter into NFE calculations.

We import our inputs under advance authorisations without payment of any customs duties or IGST. We export under LUT without payment of IGST and claim refund of unutilised ITC. In this process, our ITC keeps accumulating. We want to liquidate the accumulated ITC by exporting on payment of IGST under refund claim. Our consultant says that this cannot be done due to the bar under Rule 96(10) of the CGST Rules, 2017. Is this correct?

Rule 96(10) of the CGST Rules, 2017 bars you from exporting on payment of IGST if you have imported any of your inputs without IGST payment under notification 79/2017-Cus dated October 13, 2017, which actually amends the basic notification 18/2015-Cus dated April 1, 2015. So, if you imported your inputs under the said notification 18/2015-Cus, you cannot export on payment of IGST. However, if you have imported your inputs under the notification 21/2023-Cus dated April 1, 2023, the bar against exporting on payment of IGST under a refund claim does not operate. So, after exhausting the inputs imported under the said notification 18/2015-Cus., you can start exporting on payment of IGST under refund claim.

Source: business-standard.com– June 25, 2024

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When trade barriers are justified

A full understanding of the adverse consequences of autarky (of government interference in cross-border activities of the people) is the hallmark of professional competence in economics. But the world is in an unprecedented situation today: The problems of Chinese

macroeconomic policy are imposing an adverse impact worldwide. We believe there is merit in using Indian state power to create trade barriers against Chinese exports into India. These actions should be part of a full policy package that fosters Indian economic dynamism.

Xi Jinping came to power in 2013. Under his watch, the "China model" has fully blossomed. This involves government control of the country, concentration of power in Xi Jinping, economic nationalism, a prickly hostility towards the West, an ever present danger of expropriation for private persons, a lack of personal safety for the elite, etc. At its best, such authoritarian regimes only generate short spurts of growth. Hence, over the 11 years of Xi Jinping's rule, the Chinese economy has fared poorly.

The once buoyant process of private investment has collapsed. The long-standing irrational exuberance around real estate as an asset class has turned into sustained declines in real estate prices with much vacant property. Foreign companies, investors, and individuals have been reducing their activities in China. High debt levels threaten systemic stability.

Despite internal economic weakness, there has been an arrogant approach in foreign policy. The military frictions on the border with Bhutan and India are an example of the nationalism that is in play. On the most important foreign policy question of the world today, China has tilted in favour of Vladimir Putin's invasion of Ukraine. They have preserved the possibility of invading Taiwan.

From 2018 onwards, these developments kicked off fundamental changes to the nature of globalisation, which is termed "The Third Globalisation". In the second globalisation (1982-2018), countries in the periphery like China and India were given unconditional access to the core. In the third globalisation, the core has drawn a line: The privilege of economic integration for a country is limited when it has a hostile approach on foreign policy or military matters. The wagons have circled around the

core: The advanced economies and their allies do full globalisation with each other. But for countries which have military or foreign policy hostility, access to the core is curtailed. From 2018 onwards, a large number of restrictions have come up, in the advanced economies, against cross-border activities involving China. The four most important industries where these problems are unfolding are electric vehicles, batteries, solar panels, and microchips.

The Chinese economy is faring poorly through a combination of poor domestic policy coupled with the actions of the advanced economies. At heart, there is not enough domestic demand. Many Chinese firms face a choice between cutting prices and closing down. Failure on economic performance has created an economic and political crisis for the regime.

The government would like nothing more than to get firms to sell more, by exporting more, to stave off firm closure and ideally increase employment. It is hard for us in India to comprehend the idea of inflation turning negative. But in China, there is deflation in the aggregate CPI (consumer price index) basket. Prices of the Chinese export basket expressed in dollars have gone down and are expected to go down further.

In time, these problems will get sorted out through economic and political change within China. In the meantime, this exceptional flood of cheap exports from a systemically important country comes with the danger of damaging the organisational capabilities of firms or entire industries in importing countries. This has led to exceptional responses.

The advanced economies now have restrictions against Chinese imports that are mind-boggling. On June 12, the European Commission set tariffs against Chinese electric vehicles at 48 per cent, and the tariffs in the US will be 100 per cent. This is completely unlike many decades of experience, where developed-market tariffs have always been in single digits.

Given the difficulties faced in exporting to advanced economies, Chinese firms have naturally emphasised exporting to the rest of the world. The shares of the Association of Southeast Asian Nations, Latin America, and Africa in China's exports were 12.9 per cent, 5.8 per cent, and 4.2 per cent, respectively, in 2018; they are now at 15.7 per cent, 7.8 per cent, and 5.5 per cent, respectively.

This is the global context within which we should see the problem of surging Chinese imports into India. From 2018 to 2023, the overall growth of Chinese exports (measured in dollars) was 36 per cent. Growth in Chinese exports to India in this period was 53 per cent. We believe it is now wise for the Indian state to establish non-tariff barriers against Chinese exports and overseas production sites of Chinese firms. We recognise that this constitutes protectionism, and violates the tenets of sound development strategy. But in this special moment, with regard to one trading partner, we believe it is appropriate.

Alongside this, an array of actions is required to uphold the gains from international integration and improve the working of Indian firms. There are a large number of inverted duty structures which need to be removed. Of great importance is the long-pending goods and services tax reforms, which should go to a lower number of rates (ideally one), lower rates, and the integration of a broader base, particularly industries such as energy and railways. New non-tariff barriers against Chinese imports into India should be accompanied with numerous elements of liberalisation of engagement with all other countries. Through this, India should get the full gains from globalisation in all aspects (goods, services, capital, labour) with deep engagement with every country in the world but one.

It will take great professional capabilities in economic policy to surgically engage in protectionism with one trade partner only, and to accompany this with an array of complementary moves which reverse the conventional Indian protectionism against the rest of the world. The puzzle of 2024 for policymakers lies in establishing such a strategy.

Source: business-standard.com– June 20, 2024

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Rebooting apparel sector

Labour intensive sectors in India are going through a rough patch. While overall merchandise exports shrank only a bit during last fiscal year, all the traditional labour-intensive sectors witnessed sharper decline. Apparel industry obviously was no exception.

What is more worrisome is the fact that apparel export curve has almost flattened over last six years. Therefore, a serious re-think of strategy is the need of the hour.

The single biggest problem in the apparel sector has been lack of scale. Average number of machines in an Indian apparel manufacturing unit is 300-400 as against 800-1000 machines in competing countries.

While Production- Linked Incentive (PLI) in the textiles sector for MMF fabrics and MMF garments has been a great initiative to augment production capacities, it has not generated the excitement it should have, notwithstanding the flawless selection of products. The lukewarm response can largely be attributed to the higher investment threshold limits.

There is need to launch another version of PLI with lower investment criterion to enable participation of MSMEs.
Speed-to-the-Market

Indian exporters mostly miss the bus due to unfavourable speed to the market despite the diverse range, variety, and high fashion quotient in their offerings.

The immediate answer to this problem could be in building warehouses in prominent locations, particularly in the free ports and trading hubs, for speedier access to consumers.

Many apparel players shy away from re-investing the profit into the industry on account of hassles of managing large workforce, drying up capital infusion in the sector. The government should grant direct tax concession on the ploughed back profit to encourage re-investment in the same sector.

The migrant nature of workforce in most of the apparel clusters results in erratic supply of labourers and acute shortage during peak period. This adversely impacts capacity utilisation and consequently cost of production. The industry should thus be encouraged to move to labour surplus States for uninterrupted labour supply through incentive like "Relocation Compensation Package."

Existing old and outdated machinery need to be replaced. Machineries not manufactured in India like certain shuttle-less looms, knitting machines, non-woven machines etc. should be identified and their import duty rates reduced to zero for three years to facilitate cost-effective technological upgradation.

After this timeframe, a high tariff wall may be raised to encourage foreign investment in machinery manufacturing.

Abysmally low wages, LDC (Least Developed Country) status and duty-free access to EU give countries like Bangladesh a distinct unfair advantage over India. Therefore, the only way to stay competitive is to improve productivity through increased technological intervention.

Technology has a use in fast fashion forecasting, predicting consumer preferences, manufacturing smart textiles, designing smart factories, in intelligent designing and manufacturing, etc. Increasing use of blockchain technology in traceability, robotics in quality control, IoT in RFID tags in wireless sensor networks and in end-to-end digital integration, just to name a few, will transform the entire industry.

Aggressive marketing to improve visibility of Indian textile and apparel products by having an India theme pavilion in all major international fairs and exhibitions can go a long way in building Brand India. To harness the full potential of e-commerce, the value cap on e-commerce exports be raised from existing ₹10 lakh and e-commerce exporters be provided level playing field by allowing them to claim GST refunds and export incentives.

These measures will not only arrest the decline but also give much-needed booster dose to the apparel exports.

Source: thehindubusinessline.com– June 24, 2024

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Don't sell cotton to traders, TASMA urges CCI

The Tamil Nadu Spinning Mills Association (TASMA) has urged the Cotton Corporation of India (CCI) to not divert unsold cotton stocks with it to traders. "We wish to state that spinning mills are facing a positive revival in recent days on the arrival of garment orders. Their normal activities are picking up once again and would require more cotton," said TASMA President AP Appukutti in a letter to CCI.

Asking CCI to retain cotton stocks with it, the TASMA chief said the association expects its members to lift the stocks by the end of August.

Allowing sale of cotton to traders could lead to a cascading effect on the value chain as they could escalate the costs with profit motive, he said, adding that this will ensure spinning mills did not face raw material shortage.

Source: thehindubusinessline.com– June 24, 2024

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