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Currency Watch			
USD	EUR	GBP	JPY
83.39	89.73	105.62	0.52

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INTERNATIONAL NEWS

US' international trade deficit rises to $100.6 bn in May 2024

The US international trade deficit increased to $100.6 billion in May, rising by $2.7 billion from April's deficit of $98.0 billion, according to advance statistics released by the US Census Bureau. This increase is attributed to a decline in both exports and imports of goods for the month.

Exports of goods for May were reported at $166.7 billion, reflecting a decrease of $4.6 billion from April's exports. Meanwhile, imports of goods for May were $267.3 billion, down $2 billion from the previous month.

Wholesale inventories for May, adjusted for seasonal variations and trading day differences but not for price changes, were estimated at an end-of-month level of $901.6 billion.

This marks a 0.6 per cent increase from April 2024, though it represents a 0.5 per cent decrease from May 2023.

The percentage change from March 2024 to April 2024 was revised from an initial estimate of 0.1 per cent to 0.2 per cent, as per the bureau.

Retail inventories for May, also adjusted for seasonal variations and trading day differences but not for price changes, were estimated at an end-of-month level of $796.8 billion.

This indicates a 0.7 per cent rise from April 2024 and a 5.0 per cent increase from May 2023. The March 2024 to April 2024 percentage change remained unrevised from the preliminary estimate of a 0.7 per cent increase.

Source: fibre2fashion.com– June 29, 2024

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China's goods exports worth $302.5 bn, imports total $268.9 bn in May

China's international trade in goods and services reached 4.06 trillion yuan in May this year, increasing by 7 per cent year on year (YoY), according to official data.

Goods worth 1.95 trillion yuan were exported during the month, while the import value of goods totaled 1.56 trillion yuan, resulting in a surplus of 391.4 billion yuan.

In US dollar terms, goods exports and imports during the month were worth $302.5 billion and $268.9 billion respectively, resulting in a trade surplus of $33.6 billion, a state-controlled news outlet reported citing the State Administration of Foreign Exchange.

Source: fibre2fashion.com– July 01, 2024

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Global adoption of DDPs set to transform apparel industry by 2030

The global apparel sector is set for a significant transformation with the creation of over 62.5 billion digital product passports (DPPs) by 2030, according to a report by global technology intelligence firm ABI Research.

These DPPs, coupled with supporting software and IT revenues estimated at US$1.59 billion, are poised to accelerate traceability and drive positive change across the fashion industry.

The European Union (EU) is at the forefront of this initiative, implementing DPPs to provide comprehensive product data throughout the value chain.

As the EU leads the way, apparel DPPs are gaining traction ahead of forthcoming regulations, particularly among sports brands. Forward-thinking brands are leveraging DPPs to identify supply chain issues, reduce overproduction, verify compliance and authenticity, and create branded resale ecosystems.

By 2030, all apparel sold in Europe will be required to have a digital product passport due to mandatory regulations, accelerating DPP adoption from 2027 onward.

This regulatory push is expected to inspire similar actions in North America, Asia Pacific, and other regions. Initially, luxury and big-brand apparel will spearhead the adoption, followed by the mass market as suppliers recognise the benefits of data sharing for supply chain optimisation, as per the ABI Research's Digital Product Passports market data report.

As mandatory EU regulations take effect in 2027, DPP solution providers are encouraged to prepare competitive pricing models to boost adoption across the supply chain and promote inclusion.

The implementation of DPPs throughout supply chains is anticipated to optimise workflows and enhance profitability for forward-thinking brands.

"DPPs encourage OEMs and suppliers to enhance textile efficiency, reduce overproduction, promote product reuse and repair, and demonstrate sustainability, increasing product value.

However, practical implementation, data structure, and accessibility are still evolving in this emerging market. DPP solution providers should emphasise the value for suppliers and consumers to scale adoption beyond just meeting regulatory compliance," said Rithika Thomas, sustainable technologies senior analyst at ABI Research.

Source: fibre2fashion.com– June 29, 2024

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ICE cotton prices dip on weak US export report, heavy farmer selling

ICE cotton declined yesterday following drops in export sales of US cotton. It experienced heavy selling pressure from farmers and speculators after reaching a level above 75 cents.

Traders are now awaiting the US cotton crop report due today. A weaker dollar and higher crude oil prices helped cotton limit its losses.

According to trade analysts, the ICE cotton December contract settled at 74.58 cents per pound (0.453 kg), down by 76 points. ICE cotton saw a downward trend after a brief rally in the early session.

The US dollar index decreased and settled with minor losses. As a result, cotton became cheaper for foreign buyers after the fall in the dollar.

Yesterday, the trading volume was slightly weak before the release of important data. Only 28,946 contracts were traded, which was slightly lower than the previous day's 33,036 contracts.

The certified stock in the ICE cotton exchange dropped significantly to 48,812 bales, the lowest in over three months, down from a peak of 193,691 bales a month ago. This significant decline indicates that a shift in momentum is near.

Yesterday, the USDA also announced important data regarding drought conditions, which are increasing in cotton belts. According to the latest reports, around 16 per cent of cotton belts are in drought conditions, up 7 per cent from the last available report.

If this adversity continues, cotton prices will be supported. The USDA's plantation acreage report, due today, might not have an immediate impact on the market but is still a major point for future trends.

The major focus is now on export demand, and farmers are selling at higher levels. Any adverse weather conditions will have a major impact on cotton markets around the world.

On Friday, ICE cotton for December 2024 traded 0.32 cents higher at 74.90 cents per pound.

Cash cotton traded at 67.91 cents (down 0.68 cents), the July 2024 contract at 72.02 cents (down 0.68 cents), the October contract at 74.23 cents (up 0.32 cents), the March 2025 contract at 76.31 cents per pound (up 0.32 cents), and the May 2025 contract at 77.28 cents (down 0.65 cents). A few contracts were seen at the level of the last closing, with no trading noted today.

Source: fibre2fashion.com– June 28, 2024

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USDA: Total Planted Cotton Acres Climb to 11.7 Million in 2024

USDA's Planted Acres report issued on June 28 showed that U.S. cotton growers planted an estimated 11.7 million acres of upland and Pima cotton in 2024 – up 14% from 2023.

For 2024, upland area is estimated at 11.5 million acres, a 14% increase from last year. American Pima plantings are estimated at 182,000 acres, up 24% from 2022.

According to the report, compared with last year, upland planted area showed increases or no change in 13 of the major cotton-producing states, with only slight decreases were reported in Georgia, Kansas, New Mexico, and Virginia.

On a regional basis, total cotton acres in the Southeast for 2024 totaled 2.37 million acres across Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia – up 5.3% from 2023. The largest acreage increase is reported in Alabama with 450,000 acres (up 18.4%). Acreage is also up 14.3% in South Carolina to 240,000 acres, 7.9% in North Carolina to 410,000 acres, and 1.1% in Florida to 90,000 acres. Georgia drops 0.9% to 1.10 million acres, while Virginia acreage falls 1.2% to 80,000 acres.

In the Mid-South, planted acres climbed to 2.01 million acres – up 23.3% – with the largest increases reported in Arkansas (670,000 acres, up 31.4%) and Mississippi (520,000 acres, up 30%). Missouri shows 400,000 acres (up 19.4%), Tennessee with 300,000 acres (up 13.2%), and Louisiana unchanged at 120,000 acres.

In the Southwest, estimated planted acres increased 14.6% to a reported 6.97 million acres. Texas cotton acreage is reported at 6.4 million acres (up 15.3%), and Oklahoma is up 9.5% to 460,000 acres. Kansas shows a slight acreage decline of 1.8%, down to 110,000 acres.

Upland cotton acres in the West are up 14.0% to 138,000 acres, led by Arizona with 100,000 acres (up 31.6%). California upland acres are reported at 18,000 for 2024, an increase of 38.5%. New Mexico upland acres are down 37.5% to a reported 20,000 acres.

For Pima acreage, California is showing 130,000 acres (up 52.9%), Texas at 30,000 acres (up 3.4%), New Mexico with 10,000 acres (down 41.5%), and Arizona at 12,000 acres (down 25%).

The report also noted that cotton producers planted 96% of their acreage this year with biotech varieties – down 1% from 2023.

Source: cottongrower.com– June 30, 2024

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Fashion industry inches towards circularity, but progress is slow: Kearney Report

The fashion industry is baby steps towards a more sustainable future, but a significant shift towards circularity is still far off, reveals Kearney's latest report, the '2024 Circular Fashion Index'. This year's edition marks the fourth iteration of the index, which measures how effectively fashion brands extend the life cycle of their products. The report analyzes 235 global brands across various categories, assigning a Circular Fashion Index (CFX) score on a scale of 1 to 10.

Slight improvement, major room for growth

The headline finding reveals a modest improvement from 2023. The average CFX score across all brands rose by 8 per cent to 3.20 a mere 0.23 points higher than 2023. While this signifies progress, it also highlights the vast gap that remains between current practices and true circularity.

The report emphasizes that beyond the top 10 performers, none of the seven dimensions used to assess circularity – including use of recycled materials, repair services, and second-hand offerings – are being widely adopted.

Category leaders and encouraging shifts

However, there are some bright spots. The outdoor category achieved the highest overall CFX score, indicating a stronger focus on product durability and extended lifespan in this segment. Additionally, the report highlights positive movement within the affordable luxury market, which saw the most significant improvement in scores year-on-year.

Highlights from the report

Gradual improvement: The fashion industry is acknowledging the need for change. The average score increase signifies a collective shift towards circularity, albeit slow.

Top performers: The report highlights that the top 10 brands are leading the way in implementing circular practices. This suggests that significant progress is possible.

Category leaders: The Outdoor apparel category achieved the highest overall score, indicating a focus on garment durability and potentially longer life span.

Shifting gears: The report identifies the affordable luxury segment as demonstrating the most significant improvement. This suggests that a focus on circularity can be financially viable for a broader range of brands.

Regulations and redefining value

The report underscores the growing importance of circularity in fashion. Stringent regulations on sustainability are emerging in the EU and US, making circular practices not just environmentally responsible but commercially necessary. Beyond compliance, Kearney suggests that embracing circularity can unlock new value propositions for brands, fostering customer loyalty and differentiation in a competitive market.

Consumer confusion and brand action

The report doesn't shy away from addressing the challenge of consumer awareness. While many brands are taking initial steps, a significant knowledge gap persists among consumers regarding circular fashion options. Kearney emphasizes the need for brands to bridge this gap through clear communication and education around their circularity efforts.

The Kearney CFX report serves as a wake-up call for the fashion industry. While there's a start, significant work needs to be done. Investors, brands, and policymakers all have a role to play in creating a more circular fashion ecosystem.

This will require not only innovation in garment design and production but also investment in infrastructure and education to shift consumer mindsets. The fashion industry has the potential to be a leader in sustainability. The 2024 CFX report highlights the path forward, but the industry must accelerate its efforts to achieve a truly circular future.

Source: fashionatingworld.com– June 28, 2024

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Brazil to be the world's largest cotton exporter in 2023/24: Anea

Overtaking the United States, Brazil is poised to become the world's largest cotton exporter for the 2023/24 season. This shift follows an over 80 per cent increase in Brazilian cotton shipments this season, according to the local exporters' association Anea.

Brazil's cotton exports are likely to rise further next season, as farmers harvest a potentially record-breaking crop, with further increases expected in 2025-26, opines Miguel Faus, Head, Anea.

He referred to data from the US Department of Agriculture (USDA), which recently raised its forecast for Brazil's cotton exports this year by 300,000 bales to 12.4 million bales, while reducing the US forecast by 500,000 bales to 11.8 million.

Verified by Reuters, a USDA report highlights, Brazil already surpassed the US in terms of cotton production in 2023/24, ranking third globally behind China and India and is expected to maintain its position in 2024/25.

Some of the largest buyers of Brazilian cotton include China, Vietnam, Bangladesh, Turkey, and Pakistan.

Source: fashionatingworld.com– June 28, 2024

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Vietnam's goods exports rise 14.5% YoY in H1 2024 to $190.08 bn

Vietnam's exported goods worth an estimated $190.08 billion in the first half (H1) this year—a year-on-year (YoY) rise of 14.5 per cent. The country's trade surplus rose to $11.63 billion, according to the general statistics office (GSO).

The domestic sector saw exports rise by 20.6 per cent YoY to 53.39 billion in H1 2024, accounting for 28.1 per cent of the total.

The foreign-invested sector, including crude oil, saw a 12.3-per cent rise in exports to $136.69 billion, making up the remaining 71.9 per cent.

Processed industrial goods dominated exports, generating an estimated turnover of $166.79 billion.

Imports rose by 17 per cent YoY to $178.45 billion. The domestic economic sector contributed $65.74 billion to the import turnover—a 22.3 per cent YoY increase, while the foreign-invested sector imported $112.71 billion worth of goods—up by 14.1 per cent YoY.

Raw materials for production were the leading import category, accounting for 94 per cent share with a value of $167.73 billion, a domestic news agency reported.

The United States was the largest export market, accounting for $54.3 billion. China was the largest source of goods and services for Vietnam, with imports being worth $67 billion.

Source: fibre2fashion.com– July 01, 2024

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Vietnam: Garment, textile industry urged to make change to adapt to new challenges

Garment and textile enterprises must develop new management methods and renew their production technologies to well adapt to new challenges like small and rapid orders as well as labour shortages, experts have said.

Speaking at a ceremony held to globally launch the Arus overlock machine from China-based Jack Technology in Ho Chi Minh City on June 16, Nguyen Thi Tuyet Mai, Deputy General Secretary of the Vietnam Textile and Apparel Association, said though businesses have large orders, they are facing new challenges.

For instance, customers are more likely to place low-priced small orders with quick turnaround times or demand a more diverse range of products to choose from.

Markets such as the EU and the US have strict requirements in terms of green production, she said.

The industry is also facing a labour shortage, needing around 500,000 people for manual labour, managerial and designing roles.

She said Vietnamese businesses need to streamline their operations, adopt new technologies and apply automation to enhance quality and be able to fulfil small orders.
According to Jack Technology, when textile and garment customers are placing small orders with rapid deadlines, businesses stuck with old production methods will struggle.

Tran Chi Gia, Director of Meko Garment Joint Stock Company, said his buyers are more likely to pay less for manually produced items, and his company has problems hiring young workers while the productivity of older employees is slowly falling.

His business is focusing on upgrading production, replacing old technologies with new, automating, and investing in product design to help it fulfil small high-value orders.

Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS), said the industry targets exports of around 44 billion USD in 2024. As of the end of May, it had already exported over 15.8 billion USD worth, up 4.3% year-on-year, he said.

This was owed to large markets such as the US and Europe being able to control inflation, driving up demand, he said.

Vietnam’s textile and garment businesses have also been proactive in diversifying markets and finding new customers.

Source: en.vietnamplus.vn– June 30, 2024

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NATIONAL NEWS

Exporters' body urges Piyush Goyal to restore IES benefits for all

A body of exporters has written to Union Commerce and Industry Minister Piyush Goyal, expressing concerns over the extension of the Interest Equalisation Scheme (IES) for only two months and exclusively for MSMEs.

Federation of Indian Export Organisations (FIEO) president Ashwani Kumar highlighted that the scheme has so far benefitted not only MSMEs but also merchant exporters and large manufacturing companies at a lower rate of two per cent for 410 tariff lines, covering labour-intensive products.

The current scheme, valid till June, provides pre and post-shipment rupee export credit, offers a two per cent interest equalisation rate for manufacturers and merchant exporters dealing with specified 410 export items, and a higher rate of three per cent for MSME manufacturers exporting under any of these items.

Kumar pointed out that the exclusion of these categories from the extended scheme will severely impact labour-intensive exports, which have already been struggling in recent years.

He urged the minister to intervene and restore the status quo, citing the export sector's challenges, including increased freight rates, longer voyage times, and rising interest rates.

Kumar warned that the withdrawal of IES benefits will blunt the competitive edge of exporters and hinder growth momentum.

In contrast to FIEO's demand for an extension of the scheme benefits at a higher rate, the Directorate General of Foreign Trade (DGFT) restricted the benefits to MSMEs and capped the total outlay of the scheme at Rs 750 crore.

Source: economictimes.com– June 29, 2024

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Confident of $800 billion exports in FY25: Piyush Goyal

India's goods and services exports could cross $800 billion in FY25, 3% higher from the previous fiscal year, despite the persistent geopolitical challenges, commerce and industry minister Piyush Goyal said Saturday.

The global situation is serious, with two ongoing conflicts, apart from the Red Sea crisis and elections in about 60% of the world's democracies this year and the next.

"We are confident we will get over $800 billion exports this year, with both goods and services growing - we will create a record," Goyal said at an event organised by the Gems and Jewellery Export Promotion Council. India's goods and services exports in FY24 hit an all-time high of $778.2 billion. Outbound shipments in the previous month were up 9.09% from the year earlier. "It is a good signal if India's exports have increased (in May)," he said.

The ministry is working on setting specific export targets for various sectors, with promotion councils and embassies abroad.

Global Agreements

"India's growth journey is on a roll when international trade is falling," Goyal said. The minister said India's import dependence will reduce as the oil economy gets replaced with electric vehicles.

"The focus is now on plantation boards such as rubber, tea, spices and coffee, and how to increase their production, value addition and improve quality," he said.

On India's proposed free trade agreement (FTA) with the European Union, the minister said, "We are confident we will make fast progress." Commerce and industry ministry officials were in Brussels during June 24-28 for the eighth round of negotiations on the accord.

The minister also exuded confidence over progress on FTA talks with the UK, adding that he has also held discussions with the shadow trade and labour ministers of that country. General elections in the UK are set to be held on July 4, with the Labour party widely expected to defeat the ruling Conservatives.

The minister said talks are ongoing with the European Union and Group of Seven (G7)countries so their ban on indirect imports of Russian diamonds does not impact India's exports.

EU has delayed the start of the mandatory full-traceability scheme for imports of rough and polished diamonds to the bloc till March 1, 2025.

India is home to almost 90% of the world's diamond cutting and polishing business. G7 countries - the United States, United Kingdom, France, Germany, Italy, Japan and Canada - are major markets for India's diamond exporters.

Source: economictimes.com– June 30, 2024

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India, US extend transitional approach on e-com supplies digital tax

To maintain stability in digital business, India and the United States recently decided to extend a 2-per cent equalisation levy, or digital tax, on e-commerce supplies until June 30 this year, the former's finance ministry said. The validity was ending on March 31 earlier. On October 8, 2021, both the nations had joined 134 other members of the OECD/G20 Inclusive Framework in reaching agreement on the statement on a two-pillar solution to address the tax challenges arising from the digitalisation of the economy.

On October 21 the same year, the United States, Austria, France, Italy, Spain and the United Kingdom reached a political compromise on the transitional approach to the unilateral measures in force while pillar 1 is implemented. The compromise is reflected in the joint statement that was issued by those six countries. On November 24, 2021, India and the United States agreed that the same terms that apply under the October 21 joint statement shall apply between themselves with respect to India's charge of 2 per cent equalisation levy on e-commerce supply of services and the United States' trade action regarding the said equalisation levy.

The validity of this agreement was from April 1, 2022, till implementation of pillar 1 or March 31, 2024, whichever was earlier. On December 18, 2023, the Inclusive Framework issued a statement calling for a finalisation of the text of the pillar 1 multilateral convention by the end of March 2024 with the aim of holding a signing ceremony by the end of June 2024.

On February 15, 2024, the United States and Austria, France, Italy, Spain and the United Kingdom decided to extend the political compromise set forth in the October 21 joint statement until June 30, 2024.

So India and the United States have decided to extend the validity of the agreement reflected in the November 24 statements until June 30 this year. All other terms of the transitional approach remain the same, a finance ministry release said.

Source: fibre2fashion.com– June 30, 2024

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Approval for new Bt cotton variety expected soon, says Textiles Minister Giriraj Singh

A new variety of technologically advanced Bt cotton likely to be allowed soon for commercial cultivation to help Indian textile industry in a bigger way, Textiles Minister Giriraj Singh has indicated. He also said that in order to overcome labour problem in this sector, efforts are on to utilise members of Self-Help Group (SHG) in a big way.

"Trial of HT (Herbicide Tolerance) Bt (also referred as BG III) cotton is going on. Upon completion of assessments by ICAR (Indian Council of Agriculture Research) and necessary approval is obtained, then its commercial cultivation can be permitted," Singh told businessline. Such a variety could bring down the cost of production for farmers while also lead to bigger area coming under of cotton sowing and help the textile industry.

India approved the cultivation of Bt (technically known as Bollgard Bt Cotton or BG1) in 2002. Later two-gene Bt cotton (Bollgard II) was released for commercial cultivation in 2006. It was introduced in the country primarily as a crop protection technology to manage bollworms and reduce usage of insecticides.

However, over a period of time, pink bollworm has been emerged as a major pest of Bt 2-gene cotton in all the cotton growing areas in the country due to development of resistance affecting the overall production in cotton.

However, as government claims, effective implementation of strategies for pink bollworm management in cotton has seen an increase in production of cotton from 226.3 lakh bales in 2006-07 to 343.5 lakh bales in 2022-23. For 2023-24, projected prod Utilisation of SHGs for Labour

Singh said that with these kinds of numbers, growth of textile sector also hinges on availability of labour. "10.2 crore members of Self-Help Groups all over the country can be good source of cheap labour and we are trying to make full use of that. Also, many brands have getting labour from these groups," he said. Further, many States are taking initiatives to promote textile industry.

“States such as MP, UP, Bihar and Odisha have taken measures including labour subsidy and power subsidy. Then Bihar has adopted a model of plug and play,” Singh said. He also called for the adoption of the ‘hub and spoke’ model to enhance domestic manufacturing, encouraged industry collaboration and underscored the importance of establishing Indian brands. The Ministry is also poised to revive the Scheme for Integrated Textile Parks (SITP) to create internationally standardised parks.

The Minister rejected the theory of threat from Bangladesh. “My challenge is not Bangladesh. I would like to take ahead of China in time to come. Bangladesh water and raw material charges are going high,” he said.uction is 320.50 lakh bales.

Sectoral Growth

Singh said that higher and better quality of cotton production would be key for growth of the market for Indian textiles and apparel. As of now, the size is around $168 billon and with expected 10 per cent CAGR (Compounded Annual Growth Rate), it is estimated to reach $350 billion by 2030. Also, India is the world’s 3rd largest exporter of Textiles and Apparel. India ranks among the top five global exporters in several textile categories, with exports expected to reach $100 billion.

Source: thehindubusinessline.com– June 30, 2024

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India's fraying garment industry needs a stitch in time under Modi 3.0

Until then, China dominated garment exports to western markets, commanding a 40% market share in both the EU and the US. However, according to the chief purchasing managers, there were growing headwinds: labour shortage in China's coastal industrial hubs, rising wages and diversion of production capacity toward national consumption.

About 54% of purchasing managers said that they would diversify up to 10% of sourcing away from China while 32% said they would diversify more than 10% of sourcing, McKinsey reported. A clear winner emerged—Bangladesh, which McKinsey deemed the "next China" in garment-making and exports.

Looking back at the survey, which was conducted 13 years ago at a time when global supply chains were getting further embedded in Asia, one statistic is revealing. When asked about the new sourcing hotspots in the next five years, 89% said Bangladesh, followed by Vietnam, Indonesia and Cambodia. India did not have the confidence of global purchasing managers; in hindsight, they were prescient.

Early this year, the New Delhi-based research group Global Trade Research Initiative (GTRI) reported that India's global market share in garment trade has declined between 2015 and 2023: share of knitted apparel dropped from 3.85% to 3.10%, and the share of non-knitted apparel dropped from 4.6% to 3.7%.

In 2023, China exported $114 billion worth of garments, the EU $94.4 billion, Vietnam $81.6 billion, Bangladesh $43.8 billion, and India just $14.5 billion, according to GTRI. Consider the trend in growth. Between 2013 and 2023, while China's garment exports declined by 23.5%, Bangladesh's grew by 69.6%, Vietnam's grew by 81.6%, and India's grew by a marginal 4.6%.

Ajay Shrivastava, a former bureaucrat and the founder of GTRI, stressed how important the entire sector is to the Indian economy and its dream of becoming a manufacturing nation. "The sector [including both textiles and garments] provides jobs to [an estimated] 50 million people," Shrivastava said. "Textiles and garments are not technology-intensive industries;

these are labour-intensive. If we are losing to countries like Bangladesh then it is a sad reality and we have to do something about it."

Shrivastava lays out the entire value chain of the sector. "Cotton is grown in the fields, then cotton fibre is converted into yarns, then yarn into fabric, then fabric into garments. It's sad that we have to export cotton yarns. Ideally, we should convert it into fabrics, but after yarns, our value chain breaks, mostly because of quality issues," he said.

Another bottleneck plaguing exports is the industry failing to catch up with shifting trends in the fast fashion industry, according to Shrivastava. "We are a historically cotton-growing country. But about 70% of clothing bought by developed countries is made of mixed synthetics— it has overtaken cotton and become a favourite of the fashion industry. Their share in Indian exports is less than 40%."

Hence, Indian factories produce cotton apparel for the spring and summer seasons in the West, leading to low utilisation during autumn and winter when synthetics and blended fabrics dominate demand. "A factory that runs only six months a year still has to pay the full year's fixed costs. This makes anything made in the factory expensive. With weak synthetics, India's apparel industry is a horse running with one leg tied. The results are low exports, low wages, and low investments in the sector," Shrivastava said.
"Entry into synthetics would make factories run full year and increase wages manifold."

Fast fashion is a low-margin industry with a complex production process, and one indicator could determine manufacturing success. It is called the Standard Allowed Minute (SAM), which measures the time taken by a worker at a factory unit to make one garment. SAM is a function of skilled workforce, assembly line efficiency and the man-to-machine ratio. According to GTRI, about 80% of Indian exporters fail to meet SAM or other [industry] requirements, thereby limiting their ability to secure orders."

Kumar Duraiswamy, joint secretary at the Tirupur Exporters' Association in Tamil Nadu, said that while the man-to-machine ratio in India is about 2:1, it is close to 1.15:1 for China and Bangladesh. "The efficiency of machines is about 80-85% in Bangladesh, China and Vietnam whereas the average for us is about 40%. Now imagine a 10,000 sq.ft factory with the standard expenses producing 5000 pieces in India [compared to] 9000 pieces there—what we get is cheaper products offered by these countries," he said. "

A crucial part of the garment industry is the thousands of weaving and processing units, most of which are informal and small- and medium-sized enterprises. Shrivastava said that these units lack expertise, scale, and technology and remain racked with issues such as power outages and underutilization, which, in turn, increase weaving costs in India to levels comparable with those in the EU or US. Consider this statistic: Chinese fabric processing units process about 1 million metres of cloth per day compared to less than 20,000 metres in India, according to GTRI's analysis.

Duraiswamy inveighed against successive governments' apathy toward the garment industry. "The thing is you cannot transform the MSME sector all of a sudden. The availability of orders, and the trust of the customers, is a big process. And with the policies that we have, people are tired; they do not want to run a garment business," he said.

In 2021, the government announced that it will build seven Mega Integrated Textile Region and Apparel (PM MITRA) parks, as part of Prime Minister Narendra Modi's "5F vision: Farm to Fibre to Factory to Fashion to Foreign." The parks aim to create an integrated value chain: spinning, weaving, processing, dyeing and printing at one location.

"Tirupur - India's largest garment-making hub - is a cluster-based model. About 2000 exporters are supported by 20,000 MSMEs that are part of the different processes in the value chain from yarn to fabric to knitting to dyeing to finishing to sewing, printing, embroidery and packaging. The future is an integrated model but we have to scale up taking the traditional model along because orders by buyers are a function of the manufacturing model, and the transition will take time," Duraiswamy said.

To boost the sector, the government included it in its flagship production-linked incentives scheme, which was launched in 2021. However, under the scheme, fibre manufacturers were prioritised over garment makers and the threshold for investments was between rupees 100 crore to 300 crore, which, according to Duraiswamy, is high for the industry, cutting off most small and medium-sized manufacturers.

"The government has to go to the grassroots and find out about the nature of transformation that is required in this industry. High employment potential is only possible in the garment industry. You are promoting cotton and yarn exports. But exporting one unit of garment generates more jobs than one unit of cotton or yarn," Duraiswamy said.

On June 25, 2024, the newly installed textiles minister Giriraj Singh said that his challenge is to beat China - not Bangladesh - in garment exports, and promised to make small clusters for smaller players in India and revive the making of integrated textile parks. "Who knows how much time it will take to make it happen? This is the time to talk to leading manufacturers and ask them about the problems they face. There are decisions that need to be made now and not in the future," Shrivastava said.

"In Bangladesh, executives from companies such as Zara and H&M planned and designed policies for the garment sector, and the government fully supported them in whatever policy changes and trade facilitation measures they wanted," he said, noting that India should negotiate both tariff and non-tariff barriers in its ongoing free trade agreement discussions with the United Kingdom and EU.

"The EU levies tariffs anywhere between 10-18% on India-made garments while the tariffs for Bangladesh and Vietnam remain zero. However, we have to remember that the EU levies full duty on China-made garments and yet China is their top garment supplier," Shrivastava said.

"Tariff is only one of the factors [that determine success in exports]," Duraiswamy says that an appreciating dollar has made machines expensive - most of which are imported - at a time when small -and medium-sized factories are finding it difficult to get access to credit owing to the adoption of Basel III capital norms by India. "When credit growth stops, these factories go out of business."

According to Duraiswamy, the global buying capacity has not increased but the manufacturing capacities [in Asia] have increased in the last few years with Pakistan, Vietnam, Cambodia and Myanmar joining the global supply chain. "Change is the order of the day," he said and stressed the importance of a factory to a growing and ambitious economy such as India's.

"Factories create an entire ecosystem with indirect jobs: a tea vendor will come, a fruit vendor will come, a salon will come, a real estate fellow will come," Duraiswamy said. "But if the industry doesn't do well, it affects this entire ecosystem."

Source: hindustantimes.com– June 29, 2024

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West's demand for summer wear boosts India's textile exports by 5.4% in April-May

New Delhi: Higher demand for summer clothes in the Western world has boosted India's textile exports to $5.86 billion in the first two months of FY25, an increase of 5.4% from $5.56 billion in the same period a year ago, commerce ministry data showed. Exports of cotton yarn, fabrics, and handloom products increased 8.24% to $1.95 billion in April-May from $1.8 billion a year ago.

This increase in demand is due to various factors, including a post-pandemic recovery in consumer spending, a preference for lightweight and breathable fabrics during warm months, and the increasing popularity of sustainable and ethically produced garments from India.

A surge in readymade garment exports also contributed to the growth. The export value of readymade garments rose 4.47% to $2.55 billion in April-May 2024 from $2.4 billion in April-May 2023.

Handcrafts and handmade carpets saw remarkable growth as well, with exports climbing 11.49% to $273.66 million from $245.46 million. Carpet exports alone rose 11.76% to $241.81 million from $216.37 million.

A senior government official, who wished not to be named, said, "The positive export trend is expected to continue, further strengthening the textile sector and contributing to the overall economic growth of the country."

Queries emailed to the textiles secretary and a spokesperson for the ministry remained unanswered.

Countries that import Indian textiles include Germany, Sweden and Spain. Germany saw its imports rise by 6.32%, from $210.35 million in April-May 2023 to $223.65 million in April-May 2024.

Sweden's imports increased by 15.13% from $35.24 million to $40.57 million, while Spain's imports grew by 4.41%, from $180.56 million to $188.52 million.

Textile exports have fallen since 2018

Meanwhile, the Indian government plans to include more products, such as t-shirts and innerwear, in the nearly ₹11,000-crore production linked incentive (PLI) scheme for the textile sector, as Mint first reported on 18 June.

It plans to tweak the PLI scheme, approved in September 2021, to make it more effective as India's textile exports actually declined 11.69% from $16.24 billion in 2018 to $14.34 billion in 2023. India is among the world's top producers of cotton and jute and the second-largest silk producer. About 95% of the world's hand-woven fabric is made in the country.

Ajay Sahai, director general of the Federation of Indian Export Organisations, said, "Apparel and textile exports are expected to do well in the coming months. Recently signed free-trade agreements and those in the pipeline are quite robust. Inquiries are also flowing from the US as the threat of further duties on China is looming in importers' minds."

"However, logistics disruption could be a spoiler. Sea freight and air freight rates have increased tremendously and may go up further, hinterland states are facing container shortages, some shipping lines are skipping our ports, and not enough air freighters are operating to take care of demand."

The textiles ministry hopes to attract investments worth ₹95,000 crore, which it believes could create about 2.25 million new jobs in the next four to six years.

It's also looking to increase India's footprint in technical textiles, a growing market. India currently exports technical textiles, including medical apparel, worth about $2.5 billion and has a target of $10 billion in the next five years. The government has also approved grants of ₹50 lakh each for seven startups in the technical textiles sector under the National Technical Textiles Mission (NTTM).

Source: livemint.com– June 28, 2024

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Green jobs in textile can become the largest job opportunity in India: Aditya Birla Fashion's Naresh Tyagi

For a country which provides 25% of the world's cotton, sustainability has been a long traditional approach. However, as the world and India push the eco-friendly theme towards the mainstream, green skills and talent is on the rise. Naresh Tyagi, Chief Sustainability Officer, Aditya Birla Fashion and Retail Ltd, gives a view of the existing green talent and jobs in the country's textile sector.

Economic Times (ET): Are you seeing a growing demand for green jobs and green skills in India and how much of that demand is coming from textiles?

Naresh Tyagi (NT): Globally, everyone is now demanding more and more sustainable product and services. There is a big surge in terms of sustainability as a mainstream theme, not as a sideline. India is one of the largest textile manufacturers and at the same time it is one of the largest domestic market consumption for textile. With respect to all these things, there is a lot of demand for green jobs in this sector.

ET: Can you give us some details about the different kinds of green jobs that are coming up or are currently present in textiles?

NT: For sustainable consumption and sustainable manufacturing, there is a whole life cycle of the product and service, which needs to be done. R&D and product development becomes very important here.

Then, there is manufacturing, sourcing, procurement, the way it needs to be ethically manufactured and sourced in that green environment. Garment as industry is still a mix of organised and unorganised. So, how to bring that unorganised sector into sustainability? That systematic change requires that skill set in every domain.

Then, green infrastructure and logistics, because it is also important how you distribute and collect your product. There is demand for jobs handling both downstream and upstream logistics and transportation. And then finally, to do all these things that retail store, you need employees to explain to the consumer about the product's sustainability.

A green job demand is not only for the elite professional or expert, it is even going to be in the unorganised sector for waste management, sorting, segregation, technology, etc.,.. Even for general management also, there will be a lot of regulatory issues and compliances that need to be followed.

ET: Can you talk about the role of technology in providing these green skills?

NT: I think technology is the main enabler here. The way people shop, e-commerce is becoming a key platform. Consumers want to know how that brand and organisation is making the product and we see a lot of demand for that traceability and transparency. They want to have all these information on their mobiles. This is where data analysis can be vital.

Further, every third person and company is now in a digital platform for sustainability related thing- whether it is consumer interface or government regulatory requirement for TCFD (Task Force on Climate-related Financial Disclosures) or BRSR (Business Responsibility and Sustainability Reporting) for the listed company or even for their internal efficiency improvement to get visibility. I see technology more as an enabler to accelerate the whole transition, whether it is from linear to circular or it is from conventional or traditional. Change will always come through innovation and technology will make it faster.

ET: What are the challenges and limitations that exist in green skills in textiles?

NT: I think there are a lot of challenges. And for our country, I think a challenge is also an opportunity. One of the first being education. There are many sustainability-related programmes and courses available at university level and graduation level, but not at basic school level. By the time children go to university, it is very late. So I believe basic education on sustainability at the grassroot level is important. There needs to be more awareness, behavioural change in habits and mindset right from the school level.

Another challenge is the unorganised sector, which provides services such as waste management. All the textile, food and electronic waste is collected and segregated by MSMEs or small enterprises in the unorganised sector. They do not get any formal training which can be dangerous for their work. So, the challenge lies in how we create customised training and awareness programme for the unorganised sector, especially MSMEs, who are not part of that formal education ecosystem.

We need to bring these skill sets into the labour force via ITIs (Industrial Training Institute) and other institutes for green hobs.

ET: What are your expectations and projections for green skills in the textile sector in India?

NT: The themes which will give maximum job opportunity in the next two decades include- changing business model from linear to circular and transition from traditional energy to renewable energy. There is a lot of sustainable finance coming through for renewable energy and waste/water management.

There is also a lot of work and research going on around sustainable agriculture- regenerated cotton and other raw materials in textiles. So, if we see the whole ecosystem, I think this will be the largest job opportunity in India.

Source: economictimes.com– June 28, 2024

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US tariffs on China causing container shortages: Exporters at review meet

Indian exporters are facing shortages of containers and shipping space as Chinese exporters are scrambling to ship their goods before the recently announced US tariffs on Chinese goods come into effect on August 1, exporters have flagged during the first review meeting chaired by commerce minister Piyush Goyal on Thursday, sources told The Indian Express.

This comes after the US announced an increase in tariffs on a range of Chinese imports including electric vehicles, batteries, computer chips and medical products. While the import duties on Chinese Electric Vehicles (EVs) were increased sharply to over 100 per cent, duty on semiconductors were raised to 50 per cent.

Exporters during the review meeting that was attended by senior commerce ministry officials, key export promotion councils and union minister of state for commerce and industry ministry Jitin Prasada also raised instances of congestion at several ports as key concerns being faced by exporters amid the Red Sea crisis.

"The stock taking review meeting that is being planned to take place every month saw discussions on a range of key issues that exporters were facing. Exporters raised issues such as the Red Sea crisis and the container shortages that have begun happening ever since China is rushing to export its products before the tariffs come into effect on August 1," a source told The Indian Express.

"Other issues such as rising non-tariffs barriers that could disrupt Indian exports such as Carbon Border Adjustment Mechanism (CBAM), European Union's Deforestation law and Ecodesign for Sustainable Products Regulation were also taken up. Exporters sought the extension of interest equalization scheme to tide over high interest rates," the person quoted above said.

Reuters reported that global port congestion has reached an 18-month high, with 60 per cent of ships waiting at anchor located in Asia as ship timetables are being disrupted with missed sailing schedules and fewer port calls, as vessels take longer routes around Africa to avoid the Red Sea, where Yemen's Houthi group has been attacking shipping since November last year.

Congestion at Singapore's container port is at its worst as vessels continue to get rerouted to avoid Red Sea attacks that have disrupted global ocean shipping, exporters said.

Source: indianexpress.com– June 29, 2024

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Worldwide sales

Dedicated hubs will streamline e-commerce exports

As part of the 100-day action plan of the Union government, efforts are being put in place to boost India's export potential, especially e-commerce export. Accordingly, the Directorate General of Foreign Trade (DGFT) and the Department of Revenue are reportedly working to establish designated e-commerce export hubs across the country. With the government aiming to streamline online export shipment from India, this is indeed a welcome step for exporters.

The export hubs are expected to act as a centre for favourable business infrastructure and facilities for cross-border e-commerce, including facilitating faster Customs clearance of cargo and also addressing the problem of reimportation because about 25 per cent of goods in e-commerce are reimported. Additionally, the hubs will offer warehousing facilities, processing returns, labelling, product testing, repackaging items, and dedicated logistics infrastructure for connecting to and leveraging the services of nearby logistics hubs, thereby achieving agglomeration benefits for exporters.

E-commerce platforms link local producers even in rural and remote districts with global supply chains. They also resolve market-access issues, which are a significant obstacle hindering exports by micro, small, and medium enterprises (MSMEs). This will particularly help informal businesses and MSMEs that find it convenient to export through digital platforms. In an attempt to leverage e-commerce platforms to support local exporters, manufacturers and MSMEs in reaching potential international buyers, the DGFT signed a memorandum of understanding with global e-commerce firm Amazon last year to offer capacity-building sessions, training, and workshops for MSMEs across districts identified by the DGFT as part of the "District as Exports Hub" initiative.

Amazon surpassed $8 billion in cumulative exports from India in 2023 and aims to achieve its ambitious target of $20 billion by next year. Notably, the world's largest retailer, Walmart, too, surpassed $30 billion in cumulative sourcing from India in more than two decades of operations in the country.

India's exports through online platforms stood at $8-10 billion last year, compared to China's staggering figure of more than $300 billion. A key reason for this gap is the cumbersome compliance process associated with exports, especially when it comes to payment reconciliation, which is particularly challenging for new or small exporters. At the same time, global cross-border e-commerce trade was $800 billion.

With India's cross-border e-commerce exports likely to increase to $200 billion over the next six to seven years, it can become a key strategy in achieving the $2 trillion overall exports target by 2030. The Foreign Trade Policy of 2023, which calls for greater focus on emerging areas of export, identifies e-commerce as a focus area for amplifying India's exports.

Amid rising geopolitical tensions, supply-chain disruption, and global headwinds, India's export performance has witnessed a slowdown in recent years. India's services exports increased by only $15.8 billion in 2023-24 over 2022-23, while merchandise exports declined $14 billion in the same period.

Overall, India's combined value of exported goods and services registered a marginal increase of around $2 billion in 2023-24. At a time when export growth remains tepid and the overall trade deficit is around $78 billion, establishing a supportive e-commerce ecosystem can truly give a fillip to India's export performance. Given the patchwork of rules and export provisions framed for exporters, there is an urgent need for a separate e-commerce export policy, which can ease the compliance burden on exporters.

Source: business-standard.com – June 27, 2024

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