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INTERNATIONAL NEWS

China's textile and apparel exports show strong growth in May

Mixed growth trends were evident across emerging markets in June, with India again leading the four BRIC economies by a wide margin, according to S&P Global Market Intelligence. India's growth re-accelerated from an election-related dip in May to one of the strongest seen over the past 14 years. Faster growth was recorded for both goods and services.

Growth also ticked higher in Brazil, sustaining the strong expansion seen over the year to date. Manufacturing there recovered from the near-stalled picture witnessed in May.

In contrast, Russia reported a marginal contraction of output, suffering its first decline in 17 months, as a steepening fall in services activity offset a sustained robust gain in manufacturing, S&P Global Market Intelligence said in a note.

Growth also slowed in China in June, albeit merely paying back some of the strong gains seen in May to still register one of the strongest expansions seen over the past year. Manufacturing output rose at the sharpest rate for two years, helping counter a marked slowing in services activity.

Global economic growth slowed in June, but remained the second-strongest seen for just over a year, according to purchasing managers' index (PMI) data, pointing to a further robust expansion in the second quarter (Q2) this year after the slowdown seen in late 2023.

June saw a further slight acceleration of growth in the United States, bucking a broader developed world slowdown.

Global growth, meanwhile, became more broad-based, with all 25 sub-sectors covered by the PMI reporting stable or rising output in June for the first time in three years.

Business expectations for the year ahead fell to the lowest for seven months, in part linked to political uncertainty surrounding elections in India, the United Kingdom and France, as well as upcoming presidential election in the United States.

S&P Global Market Intelligence's PMI surveys indicated that the global economy expanded for an eighth consecutive month in June. The rate of growth slowed slightly compared to May but remained the second-highest seen over the past 13 months.

The headline JPMorgan PMI, covering manufacturing and services in over 40 economies, fell from 53.7 in May to 52.9.

Output fell in Canada, having risen briefly in May for the first time in a year. Japan also slipped back into decline. Although only marginal, the downturn was the first recorded for seven months.

Growth slowed in Europe. While output rose in the eurozone for a fourth month, the rate of increase slowed sharply amid declining output in France and near-stalled output in Germany.

The United Kingdom reported an eighth successive monthly expansion, though growth slowed in both manufacturing and services to result in the weakest upturn so far this year, albeit partly blamed on a pause in spending ahead of the upcoming election, the note said.

Looking ahead, near-term global prospects darkened in June. Business expectations about the year ahead fell to a seven-month low, waning in both manufacturing and services.

Sentiment deteriorated, especially sharply in India following the elections, but also slumped in Europe. A small dip in confidence was also seen in the United States.

Source: fibre2fashion.com– July 09, 2024

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US economy at critical moment as inflation eases: NRF

The US is in a 'critical moment' of waiting to see what will happen next as inflation continues to ease and the Federal Reserve considers when to lower interest rates, according to National Retail Federation's (NRF) chief economist Jack Kleinhenz. For the past two years, the Fed has been balancing high interest rates to curb inflation against the risk of slowing the economy too much and triggering a recession. "We're at a critical moment as consumers, businesses, investors, and others wait to learn how they will need to adjust their plans for future economic conditions. Fortunately, the risks for monetary policy look balanced at the moment," said Kleinhenz in the July issue of NRF's Monthly Economic Review.

Kleinhenz's comments highlighted a significant slowdown in year-over-year (YoY) gross domestic product (GDP) growth, which fell from 3.4 per cent in the fourth quarter of 2023 to 1.4 per cent in the first quarter of this year, its lowest point since spring 2022. This deceleration was largely driven by slower consumer activity, a direct result of high interest rates aimed at controlling inflation.

YoY inflation, as measured by the Personal Consumption Expenditures Price Index, dropped from 3.4 per cent in the first quarter to 2.6 per cent in May, the second month of the second quarter. The report noted that most inflation was concentrated in the price of services, which increased by 3.9 per cent in May, while prices for goods decreased by 0.1 per cent.

Despite these challenges, there are positive signs in the economy. Disposable personal income rose by 3.7 per cent YoY in May, personal consumption increased by 5.1 per cent, and the savings rate climbed to 3.9 per cent, its highest level in four months. The labour market also showed resilience, driving income growth ahead of inflation. Employment rebounded strongly in May with a gain of 272,000 jobs, following an increase of 165,000 jobs in April. The average monthly job gains through May were 248,000, just below the 2023 average of 251,000.

The June University of Michigan Consumer Sentiment Survey reflected concerns about the impact of high prices and slowing wage growth on family finances, but also showed consumer confidence that inflation will continue to moderate.

Source: fibre2fashion.com– July 09, 2024

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China's landfills brim with textile waste as fast fashion reigns and recycling takes a back seat

WENZHOU: At a factory in Zhejiang province on China's eastern coast, two mounds of discarded cotton clothing and bed linens, loosely separated into dark and light colours, pile up on a workroom floor. Jacket sleeves, collars and brand labels protrude from the stacks as workers feed the garments into shredding machines.

It's the first stage of a new life for the textiles, part of a recycling effort at the Wenzhou Tiancheng Textile Company, one of the largest cotton recycling plants in China.

Textile waste is an urgent global problem, with only 12% recycled worldwide, according to fashion sustainability nonprofit Ellen MacArthur Foundation. Even less — only 1% — are castoff clothes recycled into new garments; the majority is used for low-value items like insulation or mattress stuffing.

Nowhere is the problem more pressing than in China, the world's largest textile producer and consumer, where more than 26 million tons of clothes are thrown away each year, according to government statistics. Most of it ends up in landfills.

And factories like this one are barely making a dent in a country whose clothing industry is dominated by "fast fashion" — cheap clothes made from unrecyclable synthetics, not cotton. Produced from petrochemicals that contribute to climate change, air and water pollution, synthetics account for 70% of domestic clothing sales in China.

China's footprint is worldwide: E-commerce juggernaut brands Shein and Temu make the country one of the world's largest producers of cheap fashion, selling in more than 150 countries.

To achieve a game-changing impact, what fashion expert Shaway Yeh calls "circular sustainability" is needed among major Chinese clothing brands so waste is avoided entirely.

"You need to start it from recyclable fibers and then all these waste textiles will be put into use again," she said.

But that is an elusive goal: Only about 20% of China's textiles are recycled, according to the Chinese government — and almost all of that is cotton.

Chinese cotton is not without a taint of its own, said Claudia Bennett of the nonprofit Human Rights Foundation. Much of it comes from forced labor in Xinjiang province by the country's ethnic Uyghur minority.

"One-in-five cotton garments globally is linked to Uyghur forced labor," Bennett said.

In May, the U.S. blocked imports from 26 Chinese cotton traders and warehouses to avoid goods made with Uyghur forced labor. But because the supply chain is so sketchy, Uyghur cotton is used in garments produced in other countries that don't bear the "made-in-China" label, Bennett said.

"Many, many, many clothing brands are linked to Uyghur forced labor through the cotton," she said. They "hide behind the lack of transparency in the supply chain."

While China is a global leader in the production of electric cars and electric-powered public transit and has set a goal of achieving carbon neutrality by 2060, its efforts in promoting fashion sustainability and recycling textiles have taken a back seat.

According to a report this year from independent fashion watchdog Remake assessing major clothing companies on their environmental, human rights and equitability practices, there's little accountability among the best-known brands.

The group gave Shein, whose online marketplace groups about 6,000 Chinese clothing factories under its label, just 6 out of a possible 150 points. Temu scored zero.

Also getting zero were U.S. label SKIMS, co-founded by Kim Kardashian, and low-price brand Fashion Nova. U.S. retailer Everlane was the highest-scorer at 40 points, with only half of those for sustainability practices.

China's domestic policy doesn't help.

Cotton recycled from used clothing is banned from being used to make new garments inside China. This rule was initially aimed at stamping out

fly-by-night Chinese operations recycling dirty or otherwise contaminated material.

But now it means the huge spools of tightly woven rope-like cotton yarn produced at the Wenzhou Tiancheng factory from used clothing can only be sold for export, mostly to Europe.

Making matters worse, many Chinese consumers are unwilling to buy used items anyway, something the Wenzhou factory sales director, Kowen Tang, attributes to increasing household incomes.

“They want to buy new clothes, the new stuff,” he said of the stigma associated with buying used.

Still, among younger Chinese, a growing awareness of sustainability has contributed to the emergence of fledgling “remade” clothing businesses.

Thirty-year-old designer Da Bao founded Times Remake in 2019, a Shanghai-based brand that takes secondhand clothes and refashions them into new garments. At the company's work room in Shanghai, tailors work with secondhand denims and sweatshirts, stitching them into funky new fashions.

The venture, which began with Da Bao and his father-in-law posting their one-off designs online, now has a flagship store in Shanghai’s trendy Jing’an District that stocks their remade garments alongside vintage items, such as Levi’s and Carhartt jackets.

The designs are “a combination of the past style and current fashion aesthetic to create something unique,” Bao said.

Zhang Na has a fashion label, Reclothing Bank, that sells clothes, bags and other accessories made from materials such as plastic bottles, fishing nets and flour sacks.

The items' labels have QR codes that show their composition, how they were made and the provenance of the materials. Zhang draws on well-established production methods, such as textile fibers made from pineapple leaf, a centuries-old tradition originating in the Philippines.

“We can basically develop thousands of new fabrics and new materials,” she said.

Reclothing Bank began in 2010 to give “new life to old things,” Zhang said of her store in a historic Shanghai alley with a mix of Western and Chinese architecture. A large used clothes deposit box sat outside the entrance.

“Old items actually carry a lot of people’s memories and emotions,” she said.

Zhang said she has seen sustainability consciousness grow since she opened her store, with core customers in their 20s and 30s.

Bao Yang, a college student who dropped by the store on a visit to Shanghai, said she was surprised at the feel of the clothes.

“I think it’s amazing, because when I first entered the door, I heard that many of the clothes were actually made of shells or corn (husks), but when I touched the clothes in detail, I had absolutely no idea that they would have this very comfortable feel,” she said.

Still, she conceded that buying sustainable clothing is a hard sell. “People of my age are more addicted to fast fashion, or they do not think about the sustainability of clothes," she said.

Recycled garments sold at stores like Reclothing Bank have a much higher price tag than fast-fashion brands due to their costly production methods.

And therein lies the real problem, said Sheng Lu, professor of fashion and apparel studies at the University of Delaware.

“Studies repeatedly show consumers are not willing to pay higher for clothing made from recycled materials, and instead they actually expect a lower price because they see such clothing as made of secondhand stuff,” he said.

With higher costs in acquiring, sorting and processing used garments, he doesn't see sustainable fashion succeeding on a wide scale in China, where clothes are so cheap to make.

“Companies do not have the financial incentive,” he said.

For real change there needs to be “more clear signals from the very top," he added, referring to government targets like the ones that propelled China's EV industry.

Still, in China "government can be a friend to any sector," Lu said, so if China's communist leaders see economic potential, it could trigger a policy shift that drives new investment in sustainable fashion.

But for now, the plastic-wrapped cones of tightly-wound cotton being loaded onto trucks outside the Wenzhou Tiancheng factory were all headed to overseas markets, far from where their recycling journey began.

"Fast fashion definitely is not out of fashion" in China, Lu said.

Source: economictimes.com– July 10, 2024

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UK retail sales dip in June 2024, clothing takes a hit

In June 2024, total UK retail sales experienced a minor decline of 0.2 per cent, a departure from the growth observed in June of the previous year, according to the British Retail Consortium (BRC)-KPMG Retail Sales Monitor.

However, it is important to consider that June of last year was the hottest on record for the UK, and historically, warmer weather tends to boost sales. Categories such as clothing and footwear saw declines, contrasting with the spending levels during the previous June's heatwave.

While June 2024 shows a slight year-on-year (YoY) decline, it is not the lowest figure recorded this year. April saw a more significant drop in sales. Despite this, the retail sector remains cautious, keeping a close watch on economic indicators and consumer sentiment. With the recent change in government, the industry is hopeful for new policies and measures that will stimulate economic growth, enhance consumer confidence, and drive spending, as per the retail monitor.

Non-food sales in June 2024 decreased YoY over the three months leading up to June, and were lower compared to the same period last year. The retail landscape in June reflected varied consumer behaviours influenced by seasonal activities and evolving preferences amidst changing economic conditions.

Online sales in June also declined compared to the previous year, showing a reduction from May's YoY growth but marking the smallest decline since August 2021. Categories such as clothing and footwear saw decreases, contrasting with spending levels from the same month last year.

“Retail sales performed poorly in June as the cooler weather during the first half of the month dulled consumer spending. The sales of weather sensitive categories such as clothing and footwear were hit particularly hard, especially compared to the surge in spending during last June’s heatwave.

Retailers remain hopeful that as the summer social season gets into full swing and the weather improves, sales will follow suit,” said Helen Dickinson OBE, Chief Executive, BRC.

"Retailers, who are running to stand still at the moment, having exhausted all of the levers they have at their disposal to cut costs and drive sales via promotions, will be looking to the new government to boost the economy and confidence.

The overall economic conditions may slowly be improving, but the health of the sector remains fragile, and action is needed now to help support this vital economic contributor—particularly around neglected areas such as business rate reform," said Linda Ellett, UK head of consumer, retail, and leisure, KPMG.

Source: fibre2fashion.com– July 09, 2024

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May US apparel imports signal uncertainty for H2 2024

According to OTEXA, in May 2024, US imports of apparel totalled 1.963m square metre equivalents (SME) – down 1.3% compared to May 2023.

Dr Sheng Lu, professor of apparel studies at the University of Delaware, told Just Style the figures show US apparel import volume is continuing to “stagnate”.

He explains: “Specifically, seasonally adjusted data shows that US apparel imports in May 2024 increased by 1.5% in quantity but decreased by 1.6% in value from April. Additionally, US apparel imports in May 2024 were 1.4% lower in quantity and 6.1% lower in value compared to a year ago.”

Apparel imports for the year-to-date May 2024 were 9.630m SME, up 0.6% compared to the year-to-date in May 2023.

Value of China imports continues to fall

The latest figures from OTEXA show a 1% increase in the volume of apparel imports from China, however the statistics also show a significant drop in the value of apparel imported from the region.

“In May 2024, China remained the largest source of US apparel imports, accounting for 34% of the total imports by quantity and 18% by value. This pattern is expected, as May to October is typically the peak season for US companies to source from China,” Dr Lu explains.

“However, measured in dollars per square metre equivalent, the unit price of "Made in China" apparel dropped sharply by 9.1% in May 2024 from April. During the same period, US apparel imports from other regions mostly became more expensive, such as Vietnam (up 1.4%), ASEAN members (up 3.0%), and the world average except China (up 0.7%).”

Dr Lu adds: “It remains unclear whether this price decline is directly due to China’s slowed economic growth, leading to a new influx of cheap products in the global market. Given the already high US-China trade tensions, the latest flood of cheap imports from China could potentially trigger a new backlash.”

In May, the Biden Administration announced it would be keeping Section 301 Tariffs related to Chinese imports in place on a raft of products including textiles following a four-year review.

With ongoing debate about de minimis and enforcement of the Uyghur Forced Labor Prevention Act, relations between the US and China look set to once again dominate the ongoing presidential election.

How is nearshoring impacting imports?

“In the first five months of 2024, US apparel imports from several emerging sourcing destinations, including India, Cambodia, Jordan and Guatemala, experienced much faster growth than the world average,” Dr Lu notes.

The latest figures from Otexa show that US imports from India (0.4%), Cambodia (0.6%) and Jordan (0.1%) all increased slightly in May 2024 compared to May 2023.

Meanwhile, US apparel imports from Bangladesh decreased 0.7% compared to in May 2023, taking a 9.9% share of the market in 2024 so far, which is down from a 10.7% share of the market at the same point in 2023.

“This trend reveals US fashion companies’ ongoing efforts to diversify their sourcing base, particularly beyond the conventional top three of China, Vietnam, and Bangladesh,” shares Dr Lu.

However he cautions that is does not suggest US fashion brands have made any significant progress toward nearshoring in the western hemisphere.

“Nevertheless, as a positive sign, the utilisation rate of the Dominican Republic–Central America Free Trade Agreement (CAFTA-DR) for apparel products has increased from around 66% in 2023 to 72% in 2024 so far."

Dr Lu believes this improvement reflects the positive outcomes of joint efforts to build a more integrated textile and apparel supply chain in the region.

What next for US apparel imports?

Looking ahead, Dr Lu says other macroeconomic indicators also present a "mixed picture".

Current president Joe Biden and former president Donald Trump's first televised presidential candidate debate on 27 June added to uncertainty within the apparel sector. Recent months have also seen growing evidence that companies are starting to ship products intended for the festive season earlier than usual.

Dr Lu concludes: "The US Consumer Confidence Index dipped to 100.4 in June 2024, down from 101.3 in May. Meanwhile, the US unemployment rate rose to 4.1% in June 2024, the highest since January 2022. With ongoing high inflation, the lukewarm US economy could continue suppressing consumer spending on clothing."
Source: globaldata.com– July 09, 2024

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Hong Kong-based firm to set up yarn production, dyeing unit in Vietnam

Jinnor (Hong Kong) Limited recently received an investment certificate from Vietnam's Nam Dinh Industrial Zones Authority to set up a yarn production and textile dyeing plant in the province.

The plant will come up at the Rang Dong Textile Industrial Park in Nghia Hung district with an investment capital of $9 million. Construction is expected to start in the first quarter next year and completed in October.

The plant will produce nearly 50 million sq m of fabric each year, a domestic news outlet reported.

Headquartered in Hong Kong, Jinnor (Hong Kong) Limited has more than 30 years of experience in the field of textile production and fabric trading.

Nam Dinh is now home to 170 foreign-invested projects with a cumulative registered capital of $4.1 billion.

The province said it will accord top priority to speeding up reforms, simplifying administrative procedures, upgrading infrastructure and improving the quality of human resources.

Source: fibre2fashion.com– July 09, 2024

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Consolidation and sustainability mark the way forward for Italian fashion industry

The fashion industry is in a whirlwind of consolidation. From luxury giants to high-street favorites, brands are merging, acquiring, and forming strategic partnerships at an unprecedented rate. This trend reflects a dynamic shift in the fashion landscape, driven numerous factors. For example, in August 2023, Tapestry, Inc. (owner of Coach, Kate Spade, and Stuart Weitzman) acquired Capri Holdings Limited (Versace, Jimmy Choo, and Michael Kors) for a staggering $8.5 billion. This deal, the biggest in fashion for 2023, aimed to create a powerhouse with a diversified brand portfolio and global reach, leveraging Tapestry's data analytics and direct-to-consumer expertise.

What's driving the dealmaking?

"A Running Timeline of Fashion Funding M&A Deals" by The Fashion Law attributes this trend to a number of factors. Firstly, the rise of e-commerce giants like Alibaba and Farfetch is pushing established brands to adapt and expand their online presence. Secondly, consumer preferences are shifting towards a more diverse and sustainable fashion landscape. M&A allows brands to access new customer segments and resources to cater to these evolving demands.

A prominent example is LVMH's acquisition of Tiffany & Co. in 2020 for a record-breaking $15.6 billion. This strategic move bolstered LVMH's position in the lucrative jewelry sector and further solidified its dominance in the luxury goods market.

The recent investment by G-III Apparel Group (G-III) in the All We Wear Group (AWWG) exemplifies the trend towards strategic partnerships. G-III, known for its portfolio of licensed brands like Calvin Klein and Tommy Hilfiger, acquired a significant stake in AWWG, a leading activewear and loungewear company, in 2023 [press release from G-III Apparel Group].

This move allows G-III to tap into the booming athleisure market and diversify its offerings to cater to a growing consumer segment. This M&A trend of reflects a dynamic shift in the fashion landscape, driven by numerous factors.

Evolving consumer landscape: Today's shoppers crave convenience, omnichannel experiences, and sustainable practices. Mergers allow brands to combine resources, cater to diverse customer segments, and build robust online presences.

Digital transformation: The rise of e-commerce necessitates a strong digital infrastructure. Acquisitions like Farfetch's strategic partnership with Richemont (owner of Cartier) in 2023 bolster online capabilities and tap into new markets.

Heightened competition: Fast fashion giants like Shein's IPO filing in 2023 and their acquisition of Missguided highlight the pressure to stay competitive. Mergers create economies of scale, allowing brands to compete more effectively.

Market diversification: Acquiring complementary brands allows companies to expand their reach and cater to new customer demographics.

Resource sharing: Mergers can pool resources, from manufacturing facilities to marketing teams, leading to cost efficiencies and stronger brand development.

Innovation & growth: Combining talent and expertise can foster innovation in design, technology, and sustainability practices, propelling future growth.

The bottomline is the M&A wave in the fashion industry signifies a period of strategic consolidation. As brands adapt to the evolving market dynamics, these collaborations offer the potential for growth, innovation, and a more competitive landscape for fashion globally. As Barbara Kennedy, a fashion industry analyst explains M&A offer a strategic path for fashion brands to navigate the ever-changing industry landscape. By combining resources and expertise, companies can build resilience, drive innovation, and stay ahead of the curve.

Source: fashionatingworld.com– July 09, 2024

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Turkiye's manufacturing export climate index declines in June

Turkiye's manufacturing export climate index dropped from 52.8 in May to 51.6 in June, indicating a softer strengthening of the export climate, marking the least pronounced growth since March, according to Istanbul Chamber of Industry (ISO).

Despite this decline, demand conditions in Turkiye's export markets continued to improve, bolstered by robust growth in the UAE and a quicker increase in business activity in the US, as reported by the survey.

Turkiye's exports experienced a significant year-on-year decline of 10.6 per cent in June, attributed to the extended Eid al-Adha holiday, totalling $18.6 billion. Meanwhile, imports fell by 4.1 per cent to $25 billion, resulting in the country's foreign trade deficit widening by 21.4 per cent annually to $6.4 billion, according to Turkish media reports.

The rate of improvement in the export climate eased from the previous month, amid indications that economic recovery in Europe was slightly losing momentum.

Nonetheless, the export climate index has remained above the 50 no-change mark since the beginning of 2024, signalling a sixth consecutive monthly improvement in demand conditions in Turkish export markets.

Among Turkiye's main export destinations, the UAE saw the strongest expansion in business activity in June. The US also showed notable strength, with the latest rise in business activity being the sharpest since April 2022.

Germany, the largest single destination for Turkish manufactured goods, experienced a slight decrease in business activity at the end of the second quarter, following the first rise in a year in May.

Source: fibre2fashion.com– July 10, 2024

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Kenya's secondhand clothing imports rise to Sh28 in fiscal 2024

The value of second-hand clothing imports by Kenya during the fiscal year ending March 2024 increased to Sh28 billion.

As per latest trade data from the Kenya National Bureau of Statistics (KNBS), the value of secondhand clothing imports by Kenya increased by 33.32 percent over the 12-month period.

The higher quality and relatively lower prices of used clothing continued to attract consumers, resulting in higher margins for traders, especially in informal markets.

The second-hand clothing market in Kenya is attracting several Chinese traders who plan to set up shops in Gikomba, Kenya's largest informal market for second-hand goods. TeresiaWairimu, Chairperson, Mitumba Consortium Association of Kenya, notes, the number of people entering this business is increasing as it requireslittle investment

On average, a 40-ft container of used clothes costs about $50,000, including all taxes and clearance charges, say traders, KNBS data indicates, traders and households imported 206,580 tons of used clothes in the year ended March, marking a 14.53 percent increase from the previous year's 180,367 tons.

This surge in imports challenges President William Ruto's efforts to boost the local garment and textile sector, seen as having significant potential for job creation and foreign exchange earnings through exports.

The sector faces several challenges such as high labor costs and low agricultural productivity, which impacts its competitiveness in the garment export market, notes the 2024 Budget Policy Statement (BPS).

Source: fashionatingworld.com– July 09, 2024

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Vietnam's southeastern region sees impressive export growth in Jan-May

Vietnam's southeastern region, which includes Dong Nai province and Binh Duong province—the gateway to Ho Chi Minh City, has maintained its role as the country's economic engine with impressive economic indicators, especially in exports, recorded in all regional localities so far this year.

In the first five months this year, Binh Duong earned nearly $13.8 billion from exports—up by 13 per cent year on year (YoY), official statistics show.

In the same period, companies based in Dong Nai province exported goods worth nearly $9.3 billion and imported products worth $6.45 billion, resulting in a trade surplus of more than $2.8 billion.

Many firms based in Ho Chi Minh City have received orders for the third quarter, a news agency reported. The city reported an import-export value of $55.3 billion last year and the figure continued to expand in the first five months this year despite fluctuations in the world market.

HCM City aims for a YoY growth of 6.5 per cent in industrial production index this year, and a 10-per cent rise in export turnover.

The provincial government in Binh Duong will assist local firms to make full use of free trade agreements and strengthen investment and trade promotion activities, while speeding up administrative reforms and supporting exporters in customs clearance.

Source: fibre2fashion.com– July 09, 2024

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BTMA urges Bangladesh govt for prompt action to save textile industry

The Bangladesh Textile Mill Association (BTMA) recently urged the government to take prompt action to save the textile industry by ensuring uninterrupted gas supply, restoring cash incentives for exports, reducing interest rates and expanding the Export Development Fund (EDF).

It also sought more support to the sector in the form of subsidies and tax breaks.

Several mills have closed down and more factories may permanently shut down by next December if the situation does not improve, BTMA president Mohammad Ali Khokon told a press conference in Dhaka.

Gas price has increased, but the crisis has intensified as factories in Gazipur, Narayanganj and Savar are receiving zero PSI (pound per square inch) pressure against standard requirement of 10 to 15 PSI, he said.

"The factories are now operating at half of the maximum production cost. If the production cost per kilogram of yarn is $1.25, and production is halved due to the gas crisis, then the production cost doubles to $2.50," he was quoted as saying by domestic media outlets.

"EDF has been reduced, and the payment time has also been reduced. Working capital has decreased by 40 per cent due to currency devaluation. The rate of interest has also increased. The interest rate has increased from 9 per cent to 15.5 per cent," he said.

As dependence on imports increases in future, that may cause local market share to be overtaken by foreign entities, he lamented, accusing some of misguiding the prime minister by providing false information about the industry.

The textile industry is also facing a crisis due to the smuggling of yarn and fabric, he said.

Khokon disagreed with a recent comment by the National Board of Revenue (NBR) chairman saying Bangladesh is not a cotton-producing country, its textile sector will not be viable in the long term.

He cited examples of Japan, Italy, Germany and the United Kingdom, which are not cotton producers, but have excelled in textiles due to policy support.

Source: fibre2fashion.com– July 10, 2024

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Bangladesh: Export data mismatch: is it the tip of the iceberg?

Accurate data is a crucial input for taking effective policies and putting the economy on the right track. If the data is not correct or time-befitting, policies might be proved wrong. Then, development successes will be only on paper and will not reflect reality.

In Bangladesh, economists expressed their doubts about figures related to various economic indicators in the past and recommended the authorities correct them to ensure data accuracy and reliability, but their calls have remained unaddressed.

For example, over the years, questions were raised about the actual volume of default loans in the banking sector, production, demand and supply of major crops such as paddy, potato and onions, as well as the supply and demand of imported commodities. Timely data collection and their release were also an issue.

In recent years, exporters and observers have said that export data was inflated and did not portray the struggle entrepreneurs and industrialists had been experiencing in keeping their factories up and running, retaining global clients and preventing the cost from skyrocketing.

Therefore, whenever state-run Export Promotion Bureau (EPB) reported higher-than-usual earnings from the external sector, industry people and manufacturers raised their eyebrows. However, none paid heed to them.
The government did not take any steps to revisit the data calculation. Rather, the exporters who raised questions have allegedly faced harassment.
Finally, when the Bangladesh Bank published the corrected export data as part of its balance of payments (BoP) and detected around a $14 billion gap between national shipments and the actual receipts, it showed the extent to which data miscalculation can lead a country.

The scale of mismatch can take its toll on the economy since the size of the economy and per capita income might not glitter like it did in the past. The credibility of all government data will come under question.

The policies that were taken based on the inaccurate piece of information will lose their efficacy. For example, the $110-billion shipment goal by the next two years has to be reset in line with new realities.

A similar story might unfold if real figures on non-performing loans (NPLs) are disclosed.

Default loans in the banking sector hit an all-time high of Tk 182,295 crore in March. Industry insiders said the volume is higher than the official figure.

In 2019, the International Monetary Fund also said the actual size of bad loans is more than double the officially recognised figure. Since then, the health of the banking sector has kept worsening.

This means if the real data on bad debts, gross domestic product (GDP), per capita income, and production comes to light, it may even change the development narrative of the country.

This is because in the calculation of GDP, net export earnings are included. As the value-addition of the export is around 60 percent, the GDP size will be impacted by around $8 billion if the adjustment is made.

The government has long been trying to turn the negative financial account into a positive one since it reflects the precarious foreign currency reserve position. Whatever steps it has taken to reverse the course of the key component of the BoP have not apparently yielded the expected outcomes.

Now, with the export data correction, the financial account has returned to the black.

Policymakers often claim that Bangladesh has achieved food autarky. Yet, the country sometimes needs to import foodstuff.

The miscalculation might lead Bangladesh to a challenging situation after the graduation of the nation from the group of least-developed countries (LDCs).

Exporters have not been able to lift their share significantly in the global market despite enjoying duty benefits. They will come across intense

competition since trade benefits will not be readily available in many markets once the country makes the transition.

Now, the finance ministry should probe why and how the wrong data presentation went on year after year and what its impact was nationwide. The export earnings data mismatch should ring alarm bells for the government since it highlights the inefficiency of the country's data management system and data governance.

The government should take this issue seriously and ensure data governance to make evidence-based decisions and help the country tap its true potential. However, if it is considered as an isolated incidence, unprecedented suffering might await us.

Source: thedailystar.net– July 08, 2024

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Bangladesh: Trade digitalisation is the way forward

At a recently organised roundtable by the International Chamber of Commerce (ICC) Bangladesh, titled 'Digitalising International Trade in Bangladesh' speakers came up with arguments why Bangladesh should be moving towards digitising its trade operations to seriously boost exports. The event brought together policymakers, business leaders, UN representatives and experts who agreed that eliminating the various (and tedious) process of paperwork could dramatically help expedite trade.

A significant portion of outbound trade is based on shipping. Roughly, 40 per cent of the containerised trade is still based on 'bill of lading' process that is a cause of much delay. According to a UN expert, "Bangladesh could earn $0.6 billion more annually, as the electronic bills of lading could unlock $30-40 billion in global trade volume if these processes went digital."

From what has been shared in the event, it is understood that digitising laborious manual processes can help reduce trade costs significantly, to the tune of 11-23 per cent and also help increase exports by around $600 million per annum.

Digitalisation has been a major stated policy thrust of the present government over the last few terms. However, there has been and continue to be push-back by various agencies which fear a loss of control and the streamlining of these processes (through adoption of new technology) would possibly impede the illicit earning of certain quarters.

There is no nice way of saying this, but that is a fact of life in our country, especially given the spate of high-profile graft cases that have been made public over the last few months. But then, it also everything to do with ushering in greater trade efficiency and sustainability. The business community has for years been clamouring for change that not only would help ease up on the cost of doing business in this country, but help expedite lead times leading to more trade.

As pointed out by ICCB president, the Digital Standards Initiative (DSI), which is a part of a global effort in Singapore that is supported by trade and financial entities, including the Asian Development Bank (ADB) and the World Trade Organisation (WTO), remains a prime example of a system that works for the betterment of trade. According to Mr. Rahman,

the introduction of bills of lading result in swift transactions, cost efficiency and reduce risks of fraud. Indeed, the advantages of using electronic form of bill of lading has been supported by internationally recognised studies and it is time for Bangladesh to enter into this regime.

As stated before, digitalisation of services remains a top policy priority. Since cost of doing business in the country has not fared well in various international indices, it is high time the government started taking serious steps towards a cashless and digital system. Naturally these call for serious reforms.

However, before leaping on to the slated 'digital bandwagon', a host of issues need to be addressed, particularly, cybersecurity. Despite serious efforts to develop ICT resources in-country, the issue of cybersecurity remains a soft underbelly in the country. State entities including those storing sensitive repositories of data have seen their fair share of hacking and security breaches. These are loopholes in the system that need to be plugged.

The first step has been taken and now the hard task begins. Enacting laws, amending rules, addressing reforms highlighted in the national logistics policy, etc. all have to be taken into cognizance and these processes need to be expedited. The good thing is that international bilateral agencies and foreign governments are willing to work with their counterparts in Bangladesh - at the business and state level. One can only hope that the momentum for change is sustained because the country needs to move beyond recent debacles and boost trade as a matter of national priority.

Source: thefinancialexpress.com.bd– July 09, 2024

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NATIONAL NEWS

The shape of manufacturing 3.0 for Modi 3.0

Prime Minister Narendra Modi has formed the government, albeit now as head of a coalition in his third term. The new government must redouble its efforts on economic reforms, particularly related to manufacturing. India's continued urbanisation will see hundreds of millions of agriculture workers relocate to cities to find formal employment in the coming decades.

A failure to generate low-skilled employment could push staggering stress on India's governance structures. Success in manufacturing will not only help India's domestic trade and employment goals but also expand resources for national security — which is good for American interests, too.

Manufacturing base must improve

When the Modi government first took office in 2014, the government committed to increase manufacturing as a percent of gross domestic product (GDP) from 15% up to 25% by 2025. The writer can point to some significant economic reforms that should have helped this target become a reality, most notably the approval of the Goods and Services Tax (GST) in 2017, which largely unified India's State-level tax codes.

However, as World Bank data indicates, manufacturing is in relative decline, making up only 13% of the GDP in 2022. This compares unfavourably to markets such as Vietnam (25%), Bangladesh (22%), Malaysia (23%), Indonesia (18%), Mexico (21%), and, of course, China (28%).

India has powerful domestic compulsions to improve its manufacturing base. First, India has a massive employment-creation requirement. About half of Indian labour remains mired in low-productivity agriculture. If India's attempts to enact major farming reforms are successful, there could be a fast, massive transition of employment out of agriculture. These workers are ill-suited for India's highly successful skilled services sector.

A second reason behind India's desire to boost manufacturing is the nation's goods trade deficit. Despite a perception that India is "anti-trade", India had a little over $1 trillion in goods trade in the last 12 months — and a $250 billion deficit during that period.

While hydrocarbon imports account for over one-quarter of India's imports, manufactured goods such as electronics are a substantial import component. When looking at trade more broadly, India enjoys a large surplus in services trade — about $160 billion surplus in the last 12 months on $518 billion in total services trade. But, again, even though the services sector creates substantial economic output, it employs relatively few workers.

The United States has a stake in India's success in building a robust manufacturing base for two reasons. First, improvements to India's industrial base will have direct and indirect effects on India's ability to underwrite its emerging role in regional security which is increasingly important given China's rising aggression. Second, some amount of manufacturing will not come back onshore.

Having this manufacturing based in friendly countries improves the viability of U.S. supply chains. India's ability to achieve greater success in manufacturing will require far more moving parts than what the central government in Delhi controls.

Most factors of production such as electric power, water, sanitation, labour regulations, land acquisition rules, and environment regulations are primarily controlled by India's State governments. This is where the new Indian government needs to provide a much higher degree of policy attention.

States and their business environments

The Modi government's early attempts to stoke States into competition with each other have fallen by the wayside. The rankings of States' business environments called the "Business Reforms Action Plan (BRAP)", has not been updated since the COVID-19 pandemic, and was anyway considered weak as it focused on States' self-reporting on their local business practices which was often at odds with actual investor experiences. The central government's plan to help craft model industry laws for States to consider has been underwhelming.

The Bharatiya Janata Party (BJP) controls almost half of India's States. Most of the remaining States are controlled by India's numerous regional parties, with varying levels of cooperation and friction with the central government.

Getting more States to focus on thoughtful, transparent industrial policies is a difficult task and will require an improved toolkit of sticks and carrots. The government should also consider putting stronger emphasis on job-creating manufacturing sectors such as textiles, paper mills, and furniture, instead of pushing almost exclusively for investments in capital-intensive sectors such as semiconductors and robotics.

Go beyond Delhi-Mumbai-Bengaluru circuit

The U.S. can play a modest but meaningful role in improving the business attractiveness of Indian States. This may include expanding engagement with Indian States to provide direct guidance on effective economic governance, and to improve pathways for potential investors to engage with State governments. Senior U.S. officials visiting India must commit to going beyond Delhi-Mumbai-Bengaluru and engaging a wider set of large States on the importance and opportunity from the current evolution of global supply chains.

India's national election provided an opportunity to assess and redirect policy. But India's core needs behind the current manufacturing push — jobs, trade, and security — will not change. The size of the market and current growth rates are quite attractive to investors. But more work needs to be done, especially at the State level in India, for "Make in India" to further accelerate.

Source: thehindu.com– July 10, 2024

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India, Russia target $100 billion bilateral trade by 2030, FTA with EAEU

India and Russia are looking to raise bilateral trade to $100 billion by 2030, balance the lopsided trade, eliminate non-tariff trade barriers, and explore the possibility of a Eurasian Economic Union (EAEU)-India Free Trade Area.

A joint statement issued after multiple rounds of talks between Prime Minister Narendra Modi and Russian President Vladimir Putin on Tuesday also announced that both nations plan to establish a bilateral settlement system using national currencies and introduce digital financial instruments into mutual settlements. Modi was conferred the 'Order of St Andrew the Apostle' award by Putin for his contribution to fostering bilateral ties between the two countries.

Delivering an unambiguous message on the ongoing Ukraine war, the prime minister told Putin that peace efforts do not succeed in the amid of bombs and bullets, and also flagged concerns over a deadly missile strike on a children's hospital in Kyiv, saying "when we see innocent children dying, then it is heart-wrenching and that pain is very horrible." The Russian president lauded Modi for "trying to find ways to resolve the Ukraine crisis, primarily through peaceful means".

Economic collaboration, especially in energy, trade, manufacturing, and fertilisers, dominated the agenda during Modi's two-day trip to Moscow. Both sides have called for "increased supplies of goods from India to achieve balanced bilateral trade" and "reinvigoration of investment within the framework of the special investment regimes".

"The major thrust of the discussion (between Modi and Putin) was on economic engagement... The two leaders have set a new target of $100 billion by 2030. Alongside, they have also agreed on the joint statement on economic cooperation, specifically till 2030," Foreign Secretary Vinay Mohan Kwatra said in a briefing on the prime minister's visit to Russia.

India's bilateral trade with Russia stood at $65.6 billion in FY24, up 33 per cent year-on-year, and nearly 5.5 times higher than the pre-pandemic trade of $10.1 billion. The bilateral trade has increased especially since 2022 with Indian fuel importers snapping up discounted Russian crude despite repeated criticism by Western nations.

India also pushed for the need to broaden the trade basket between the two countries, especially with respect to the greater market access for goods both in the agriculture and industrial sectors. Greater cooperation in key energy sectors, including nuclear energy, oil refining, and petrochemicals also found mention in the document, with a focus on "facilitation of mutual and international energy security, taking into account the prospects of global energy transition".

With exports to Russia only at $4.2 billion, both sides stressed the need for increasing the volume of trade in agricultural products, food and fertilizers. In 2023-24, India's trade deficit with Russia stood at $57 billion.

Optimisation of Customs procedures through the application of intelligent digital systems for barrier-free movement of goods.

A lot of this trade is expected to take place through key global routes like the North-South International Transport Corridor, the Northern Sea Route and the Chennai-Vladivostok Sea Line, the two sides said.

A trade agreement between Eurasian Economic Union (EAEU) -- comprising Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia -- was also discussed. "The two leaders also spoke about the need to move forward on the India Eurasian Economic Union trade goods agreement. We had one round of discussions between the two countries and it is expected that this would be expedited in the months ahead," Kwatra said.

The statement has also called for the facilitation of entry of Indian and Russian companies in each other's markets by creating subsidiaries and industrial clusters. Similarly, both have called for creating new joint (subsidiary) companies by providing them with favourable fiscal regimes. Promotion of investments and joint projects across various sectors of digital economy, science and research, educational exchanges and internships for employees of high-tech companies have also been targeted.

click here for more details

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

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SBI report calls for separate PLI scheme for Indian MSMEs

As micro, small and medium enterprises (MSMEs) contribute around 45 per cent of India's exports and nearly 40 per cent of manufacturing gross value added (GVA), the State Bank of India (SBI) has suggested the government to introduce a separate production-linked incentive (PLI) scheme for MSMEs to further boost the sector's contribution and generate more jobs.

Though MSMEs play a pivotal role in India's economy, contributing significantly to economic development, growth, innovation and employment, four years after the scheme was launched, the large-scale manufacturing sector has emerged as its major beneficiary, the bank's research wing, in its 'Prelude to Union Budget 2024-25' report, noted.

PLI scheme has been a game-changer towards augmenting incremental manufacturing capacity, drawing fresh investments to the tune of nearly ₹1 lakh crore (~$12 billion), with incremental sales of ₹8.61 lakh crore (with exports share being close to 40 per cent) and facilitating employment generation of close to 8.78 lakh.

Till January this year, 746 PLI applications had been approved in 14 sectors with an expected investment of over ₹3 lakh crore (~$35.93 billion). Out of those 746 applications, 176, or around 24 per cent, were MSMEs, the report said.

Sectors like textile, garments, handicraft and leather can be considered for separate PLIs for MSMEs, it added.

Source: fibre2fashion.com– July 09, 2024

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Textile industry on recovery path as domestic demand improves

A rapid increase in the export of cotton yarn due to comparatively lower domestic prices of raw cotton, and a marginal increase in textile demand from the US and European markets have led to a moderate revival of the country's labour-intensive textile industry, which has remained at a low ebb since the pandemic.

As per official data on Niryat Portal, the export of readymade garments, cotton yarn and fabrics for the period between October 2023 to May 2024 stood at $17.9 billion compared to $ 17.5 billion for the same period in the previous year, bucking a declining trend. Yarn exports between during witnessed a growth of 51% in volume terms.

However, industry observers and experts caution that the green shoots of recovery would not be sustainable if not backed by policy support. "The demand is still below the pre-Covid level. Also, cotton prices have spurted in recent weeks, neutralising the price benefit for textile manufacturers," said an industry observer.

Bharat Boghra, Chairman, Spinners Association (Gujarat) (SAG), told FE, "India's cotton production for this year is better compared to that in the US and Brazil. This combined with lower prices of Indian cotton compared to the international prices, have resulted in a strong demand for Indian cotton."

He however struck a cautionary note. "With no end to the geo-political crises in the near future, consumers are getting used to the prevailing situation which is reflected in the slight increase in international demand. But this is the short term trend and the importers in Europe and US are still not maintaining inventories. This trend has reduced the order book cycle for the manufacturers to three months against that of a six-month order book cycle previously."

Ramakrishnan M, Managing Director, Primus Partners, said, "The textile industry is showing some signs of recovery now. Domestic demand has been steady and is expected to remain so. E-commerce penetration is expanding in tier 2 and tier 3 areas, and the quick or impulse purchases are driving higher sales".

"But the international unrest, increased cost of production (majorly due to 40% to 50% increase in freight charges) combined with global inflationary trends and muted consumer confidence in the economic growth are also impacting the industry. This is why we expect the global demand to remain flat at best or go down slightly", added Ramakrishnan.

Bhavin Parikh, MD & CEO, Globe Textiles India, a Gujarat based textile firm catering to global and domestic markets, said, "China+1 policy along with behavioural changes in consumption are helping the textile industry to revive. But stagnant order book cycle of around three months reflects industry's lack of confidence in global economic growth prospects."

It may be recalled that newly appointed Textile Minister Giriraj Singh had recently announced that the government is considering the inclusion of garments in the PLI Scheme for the Textile sector and the revival of SITP (Scheme for Integrated Textile Parks). He also set the target of $ 50 billion worth of shipments from the textile industry for this year.

Source: financialexpress.com– July 10, 2024

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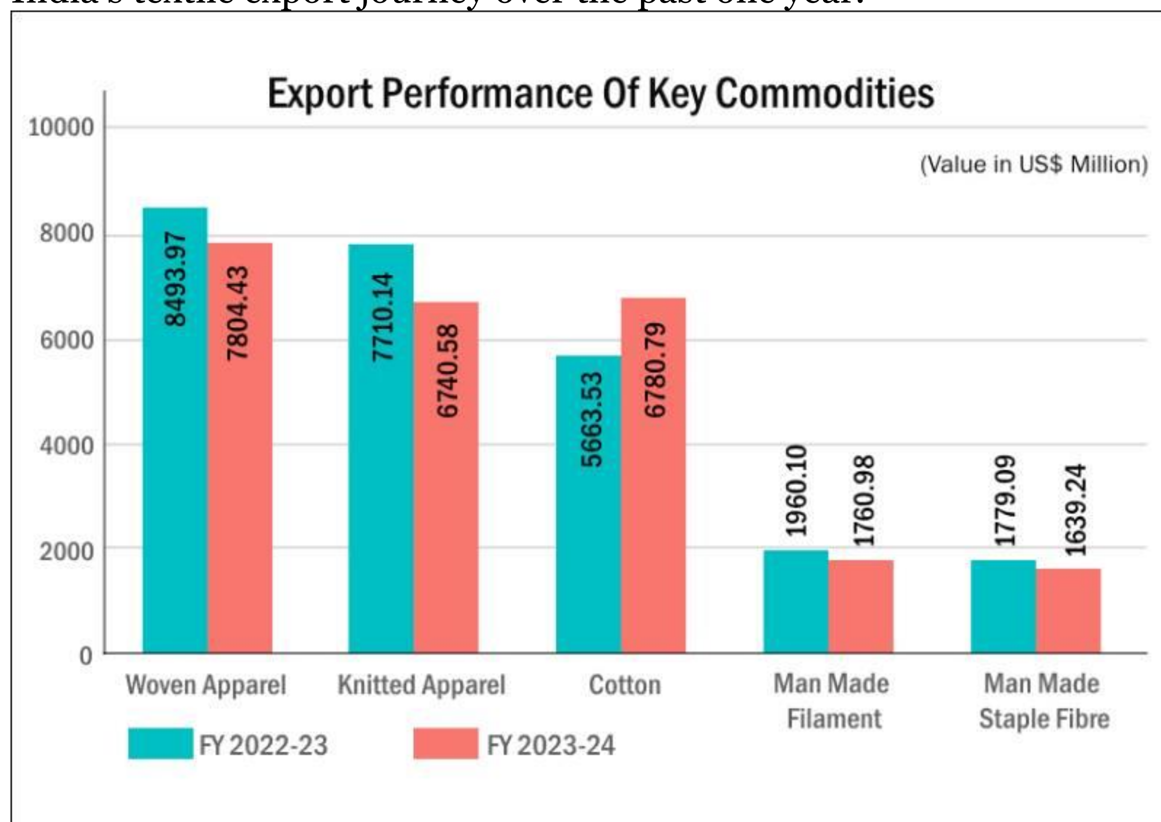
India's T&C Exports: Cotton Surges, While Apparels Decline!

In the dynamic world of India's textile and clothing (T&C) sector, the fiscal year 2023-24 has brought both challenges and opportunities. As global markets shift and consumer preferences change, India's role in the global textile trade is closely examined. This analysis, written by Henry Dsouza, Associate Editor of Textile Insights, explores the trends that shaped India's T&C exports. From strong growth in cotton textiles to declines in woven and knitted apparel, this article explores the ups and downs of India's textile export journey over the past one year.



India's textile and clothing (T&C) sector has experienced a challenging period, witnessing a decline in exports for the second consecutive year. In FY2023-24, T&C exports dropped by 2.33%, totaling US$ 34,836.76 million, down from US$ 35,669 million in FY2022-23. Despite this downturn, the sector's contribution to the country's total exports remained steady at 8%.

The top destinations for India's T&C goods include the USA, Bangladesh, UK and Germany, with the USA remaining the largest market. Among the various commodities, woven apparel and cotton are the leading exports. However, these categories have experienced contrasting trends.

Woven Apparel: A Declining Sector

Woven apparel, the largest exported commodity, saw a decline of 8.12% to US$ 7,804.43 million, accounting for 22% of total T&C exports. The most exported item in this segment, women's or girls' suits and ensembles, fell by 9.64% to US$ 2,838.01 million.

Men's shirts, the second most exported item, dropped by 2.46% to US$ 1,056.88 million. Exports to the USA, the largest market for woven apparel, declined by 14.39% to US$ 2,503.86 million.

Knitted Apparel: Witnessing Similar Trend

Knitted apparel, representing 19% of total T&C exports, also declined by 12.58% to US$ 6,740.58 million. The USA remains the largest market, but exports to the country decreased by 10.91% to US$ 2,215.19 million. The largest product in this segment, cotton T-shirts, fell by 12.1% to US$ 1,565.85 million, with an average unit value realization (UVR) of US$ 2.35 per piece.

The Cotton Export Surge

Despite the overall decline in the T&C sector, India's cotton exports have surged by 19.73%, contributing 19% to the total T&C exports. In FY2023-24, cotton exports amounted to US$ 6,780.79 million.

Bangladesh remains the top buyer, importing US$ 2,368.84 million worth of cotton, a 16.76% increase. Notably, China's cotton imports from India skyrocketed by 275.84% to US$ 924.42 million.

Cotton yarn emerged as the highest exported product within the cotton segment, with exports totaling US$ 3,780.23 million, a growth of 37.34% in FY2023-24 The average UVR for cotton yarn was US$ 3.11 per kg, down from US$ 4.15 per kg in the previous fiscal.

India's raw cotton exports grew by 42% to US$ 1,128.27 million, with an average UVR of US$ 1.96 per kg. The quantity of raw cotton shipped was 574.30 million kg.

Man-Made Filament (MMF) Faces Decline

Exports of MMF dropped by 10.16% to US$ 1,760.98 million. The most exported product, woven fabric of synthetic filament yarn, declined by 8.88% to US$ 853.52 million. However, the quantity of MMF fabric supplied increased by 7.05% to 1647.25 million sq.m, with an average UVR of US$ 0.52 per sq.m.

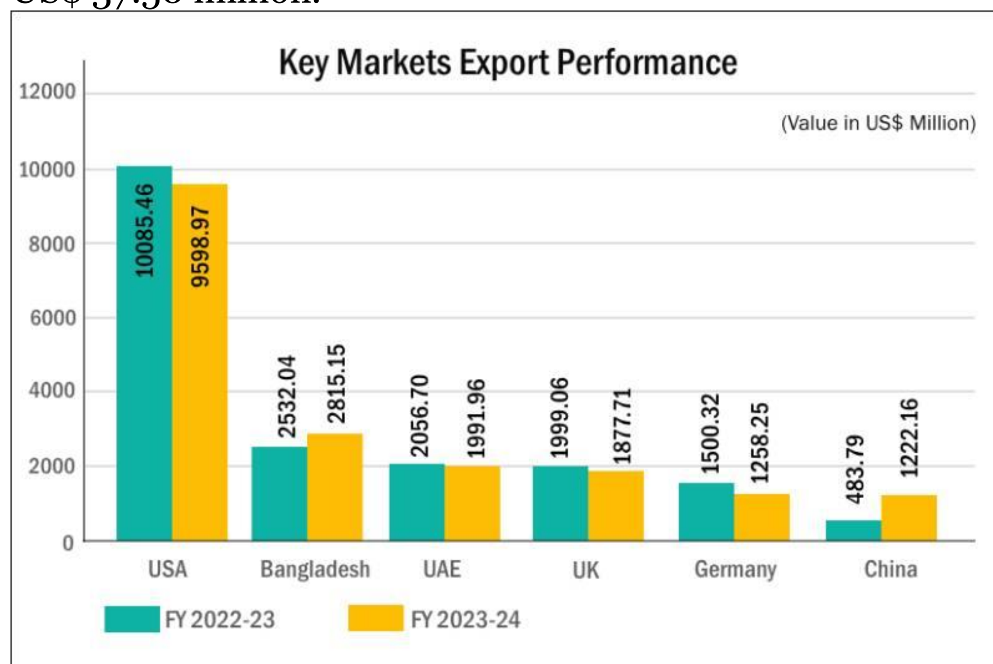
Man-Made Staple Fibre (MMSF): Slight Growth in Fabrics

MMSF exports decreased by 7.86% to US$ 1,639.24 million. However, the export of MMSF fabrics saw a marginal growth of 0.67% to US$ 642.46 million, with an average UVR of US$ 1.08 per sq.m. Turkey remains the top export market for both MMF and MMSF, but exports to Turkey declined significantly.

Stable Carpets and Rising Silk Exports

India's carpet exports remained stable, with a minimal growth of 2.33% to US$ 1,875.55 million. The USA is the largest market, accounting for 58% of this segment's exports.

Silk exports experienced a notable growth of 22.56%, totaling US$ 124.05 million. UAE and China drove this increase, with exports to UAE growing by 40.49% to US$ 40.74 million, and exports to China rising by 83.67% to US$ 37.50 million.



Country-Wise Trends

China has made a significant comeback, becoming the sixth-largest market for India's T&C exports with a 152.62% growth to US$ 1,222.16 million in FY2023-24 from fifteenth position in FY 2022-23. Cotton exports to China surged by 275.84% to US$ 924.42 million.

Despite being the largest market, T&C exports to the USA declined by 4.28% to US$ 9,598.97 million. Apparel remains the largest exported commodity, but exports of woven apparel to the USA fell by 14.39%.

Bangladesh is the second-largest market, with T&C exports growing by 11.18% to US$ 2,815.18 million. Cotton exports to Bangladesh grew by 16.76% to US$ 2,368.84 million, making up 84% of total T&C exports to the country.

UAE, the third-largest market, saw a decline of 3.15% to US$ 1,991.96 million. UK, the fourth-largest market, experienced a decline of 6.07% to US$ 1,877.71 million. Apparel exports to both countries declined significantly.

India's T&C sector faces a challenging landscape with mixed trends across different segments and markets. While cotton and silk exports have shown remarkable growth, woven and knitted apparel, along with MMF and MMSF, have experienced declines. The sector's future hinges on navigating these complexities and capitalizing on growth opportunities in key markets.

Source: textileinsights.in– July 09, 2024

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CITI signs MoU with Taiwan Textile Federation

The Confederation of Indian Textile Industry (CITI) and the Taiwan Textile Federation (TTF) have signed a Memorandum of Understanding (MOU) to enhance cooperation between the textile and clothing industries in the two countries.

A press release said Rakesh Mehra, chairman of CITI, and James Kuo, chairman of TTF, signed the agreement to promote business activities in trade, investment, technology cooperation, and other services related to textile and clothing, and provide platforms for constructive dialogue among their members to stimulate collaboration.

Mr. Mehra said by fostering collaboration in trade, technology, and policy, the CITI aims to drive sustainable growth and innovation across the sector. The MoU underscores a "commitment to nurturing long-term, mutually beneficial partnerships and advancing the competitiveness of the Indian and Taiwanese textile sectors on the global stage."

The delegation from Taiwan will visit textile industries in Tamil Nadu from July 10 to 12. The members will be in Coimbatore on July 10.

Source: thehindu.com– July 09, 2024

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Bandhan Bank launches products to facilitate international trade

Kolkata, Private lender Bandhan Bank on Tuesday said it has launched an array of products to facilitate international trade. The bank said in a statement that the products have been designed to streamline various aspects of global trade by catering both to importers and exporters.

The lender launched products like letters of credit (LCs), remittances, bank guarantees, export-import collection bill and bill/invoice discounting among others.

The new products will empower SMEs and corporates to expand their businesses globally, while retail customers can make remittances to other countries.

MD & CEO of Bandhan Bank Chandra Shekhar Ghosh said "When we started as a universal bank, we were committed to provide banking solutions to address the needs of all the customers. The trade products are in line with that vision".

Executive Director and Chief Business Officer of Bandhan Bank Rajinder Babbar said that the lender is committed to navigating the complexities of international trade.

"With the launch of the trade products, we aim to provide robust financial solutions that empower businesses to expand their global footprint," he said.

Source: economictimes.com– July 09, 2024

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ICAR to detect pink bollworm using AI-based traps on Punjab cotton farms

Punjab farmers, who faced the three consecutive years of damage to cotton crop from the pink bollworm (PBW) pest, are looking for the government's help to prevent such attack for the fourth consecutive year. On the other hand, Indian Council of Agricultural Research (ICAR) has geared up to take the challenge and now has deployed artificial intelligence (AI) to track the pest at the first instance.

"There is an urgent need to financially help farmers who already lost their crop due to PBW. Besides, the government has to guide us how to prevent the pest attack," said Swatanter Singh, a farmer of Bhatinda in Punjab. He said because of PBW and lower realisation last year the area may be lower this year.

The area under cotton in Punjab was estimated at 2.14 lakh hectares (lh) in 2023, down from 2.49 lh in 2022. In Rajasthan, cotton was planted on 10.04 lh last year, up from 8.15 lh in 2022.

Shifting to Basmati

Another farmer, Baldev Singh, also of Bhatinda district, has decided to shift to Basmati this year from the 10 acres area where he had grown cotton last year.

"I was very careful about the pest and my field never had PBW. But the expenditure was high while I did not get the returns as cotton prices were lower last year," said Baldev Singh.

However, YG Prasad, director of Nagpur-based Central Institute for Cotton Research (CICR) under ICAR, said: "This time we are implementing AI-based pheromone traps if the PBW emerges this season. Using artificial intelligence, they will be trapping the insects, moths which are emerging from the crop residue."

He said CICR has installed AI smart trap in 18 locations such as Mansa, Muktsar and Bathinda, by which farmers can get information on their mobile.

1st source of infestation

The AI-based pheromone trap in the major cotton-growing districts of Punjab will help monitor the PBW in real-time, an Agriculture Ministry official said. “This system helps provide timely pest alerts and pest management advice to cotton growers,” he added.

Prasad said since farmers stock a lot of crop residue and leftover bowls, they become the first source of infestation in Punjab and Rajasthan.

But what is the solution? Prasad said timely alert is key as molecules are there to tackle the pest and suggested farmers to monitor the pest as it is manageable.

The CICR has conducted several awareness campaigns in both Punjab and Haryana in last few months. Farmers were happy due to robust vegetative growth of cotton as a result of surplus rain in July last year. But inside, the pest was damaging, and boll rot had also crept in, Prasad said hoped that productivity would be high this year because of awareness created among farmers.

Source: thehindubusinessline.com– July 09, 2024

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India's e-commerce policy likely to be on backburner amid sluggish FDI inflows

In the works since 2018, India's e-commerce policy may run into more delays as the government looks to keep the status quo with major players in the sector such as Walmart-owned Flipkart and Amazon at a time when net foreign direct investments inflows has slowed down, according to people close to the developments.

Sources also said that at a review meeting attended by top officials last week, it was informally decided that the policy was not an immediate priority to be worked upon.

The Ministry of Commerce did not respond to an email seeking comments on this development.

When the first draft of the e-commerce policy came out in February 2019, it was seen to be too unwieldy to implement as it touched upon myriad areas of the internet such as data regulation, antitrust measures, intellectual property, and consumer protection, among other things.

After the industry pointed out challenges with the draft, the Commerce Ministry and Department for Promotion of Industry and Internal Trade (DPIIT) went back to the drawing board.

"Since then, nobody in the industry has seen a complete revised draft yet. In a meeting that was attended by industry leaders last year, a slide with five bullet points was presented which talked about the broad aims of the policy such as e-commerce companies should do right by the consumer," said a senior executive of an e-commerce firm.

According to him, the government might have also realised of late that the e-commerce sector is integral to its agenda of growing the number of formal sector jobs in the country.

"The sector currently is estimated to be employing about 2 million workers who get paid between Rs 15,000-20,000 per month. It won't be easy to replace that... Also, the incumbent players may still put up with a difficult policy as they are deeply invested in the country already. But, a policy environment that keeps on changing is not a good look when you are trying to attract foreign investments," he added.

India's $60 billion online retail sector is currently dominated by Flipkart and Amazon which together control more than 80 percent of the market share, according to a report by brokerage firm AllianceBernstein earlier this year.

While Walmart is estimated to have spent more than $24 billion on Flipkart and its fintech offspring PhonePe since 2018 when it acquired the Indian e-commerce unicorn, Amazon has said that its investments in its e-commerce and cloud businesses in India will total $30 billion by 2030.

FDI factor

Latest data from the Department for Promotion of Industry and Internal Trade (DPIIT) revealed that India's net FDI inflows contracted 3.5 percent year-on-year in FY24 to $44.42 billion, the lowest in five years.

The last time India's net FDI inflows came in lower than previous fiscal was in FY19 at $44.37 billion.

Infact, DPIIT Secretary Rajesh Kumar Singh in an interview to Moneycontrol back in April attributed the fall in FDI inflows to geopolitical instability and sticky inflation in some developed markets coupled with higher interest rates.

Singh added that the government is targeting FDI inflows of close to $100 billion over the next five years and aims to further liberalise the policy pertaining to foreign direct investment.

Given this ambitious target, the government has seemingly prioritised consolidating FDI inflows over bringing in regulatory changes in the ecommerce space for now.

Contentious provisions

As reports emerge from time to time that the new draft could restrict private labels being sold on e-commerce marketplaces, at least two domestic conglomerates are said to have lodged strong opposition with the government.

Another probable provision that has irked the industry, especially the large foreign players, could disallow e-commerce firms from providing adjacent services like logistics and payments.

“The basic premise of a large e-commerce platform is that economies of scale allow them to bundle various services together. You can’t suddenly wake up one day and strike at the heart of the entire business model after billions of dollars have been invested,” said a former executive of an e-commerce unicorn.

Meanwhile, several arms of the government have started working on and coming out with separate laws and guidelines in areas such as data protection, payments and digital competition. Industry insiders say this could be a big reason for the Commerce Ministry and the DPIIT to take a step back and re-evaluate the remit of the e-commerce policy, apart from their differences about its aim.

Last year, Rohit Kumar Singh, the then consumer affairs secretary, told Moneycontrol that his department wanted to protect the interests of consumers, while the DPIIT’s goal was to promote e-commerce. He said this had contributed to the delay, apart from holding 80 meetings with different stakeholders in the e-commerce ecosystem.

A major factor in prompting the government to bring out an e-commerce policy in the first place was protecting the domestic industry and small sellers from the duopoly of Amazon and Flipkart in online retail.

However, a senior industry executive said that the government’s answer to most seller complaints now is to get on to the Open Network for Digital Commerce (ONDC).

“For the longest time, small sellers would complain about every other thing. Now the government's stock answer is ‘ONDC bana toh diya’ whenever sellers raise any issue. The government thinks that ONDC is as neutral an avenue for their growth as possible,” he said.

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