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Currency Watch			
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INTERNATIONAL NEWS

UK, GCC keen to sign FTA in 2024: GCC secretary general

The Gulf Cooperation Council (GCC) and the United Kingdom (UK) are keen to sign a free trade agreement (FTA) this year, GCC secretary general Jasem Mohamed Albudaiwi recently said in London.

He said this after meeting UK secretary of state for business and trade Jonathan Reynolds.

Albudaiwi said he sensed a strong interest from the new British government and a sincere desire to complete the negotiation rounds for the proposed FTA, a Saudi news agency reported.

Reynolds expressed the desire to have the agreement signed before the year end.

Albudaiwi and Reynolds discussed ways to enhance economic and trade relations.

Source: fibre2fashion.com– July 13, 2024

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China's foreign trade rises 6.1% in H1 2024

China's foreign trade hit a record high in the first half (H1) of this year, according to the General Administration of Customs. The trade volume of goods increased by 6.1 per cent year-on-year (YoY), totalling 21.17 trillion yuan (approximately $2.97 trillion) from January to June.

During the first half of 2024, the country's exports saw an increase of 6.9 per cent, while imports grew by 5.2 per cent.

The second quarter exhibited a notable improvement, with total imports and exports climbing by 7.4 per cent compared to the same period last year. This growth rate was substantially higher than the 4.9 per cent increase in the first quarter of this year and the 1.7 per cent rise observed in the fourth quarter of last year, according to Chinese media reports.

Source: fibre2fashion.com– July 13, 2024

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Retail sales in US clothing & accessory stores up 5.35% YoY: CNBC-NRF

US retail sales showed moderate growth in June amid a still-solid economy and near-zero inflation for retail goods, according to the CNBC-National Retail Federation (NRF) Retail Monitor released today by NRF.

Total retail sales, excluding automobiles and gasoline, were up by 0.47 per cent seasonally adjusted month over month (MoM) and up by 3.42 per cent unadjusted year on year (YoY) in June. That compared with increases of 1.35 per cent MoM and 3.03 per cent YoY in May.

June sales were up in five out of nine retail categories on a yearly basis, led by online sales, general merchandise stores and clothing and accessory stores. Sales were up in four categories on a monthly basis. Sales in clothing and accessories stores were down by 0.11 per cent MoM seasonally adjusted, but up by 5.35 per cent YoY unadjusted in June.

Online and other non-store sales were up by 1.78 per cent MoM seasonally adjusted and up by 23.08 per cent YoY unadjusted.

Furniture and home furnishings store sales were down by 0.62 per cent MoM seasonally adjusted and 3.26 per cent YoY unadjusted.
"Consumers are being thoughtful about their spending, prioritising non-discretionary purchases as they continue to face high interest rates and lingering inflation," NRF president and chief executive officer Matthew Shay said in a release.

"Inflation has dropped to nearly zero for goods, but remains persistent with services, and solid economic fundamentals are helping consumers make ends meet. Month-over-month sales growth was moderate in June, and year-over-year gains for total retail sales were the largest we've seen since last fall," he added.

Total sales were up by 2.39 per cent YoY for the first six months of the year. The YoY gain for total sales was the largest since 4.24 per cent last November.

Source: fibre2fashion.com– July 14, 2024

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Indonesia may impose trade sanctions on Vietnamese textiles, garments

Businesses in Vietnam were recently cautioned by the Vietnam trade office in Indonesia that as the latter's textile industry is facing difficulties with falling export orders and factory closures, it may impose trade sanctions on some Vietnamese products, especially textiles and garments.

A large number of workers in Indonesia's textile industry have also been fired.

Textiles, footwear and electronic goods are key exports of Vietnam to Indonesia, with an export turnover of $1.5 billion, accounting for 30 per cent of the total export turnover to Indonesia last year.

Therefore, the trade office believes Indonesia potentially plans to apply trade defence measures on products from China and other nations like Vietnam, according to a Vietnamese media outlet.

The office recommended Vietnamese businesses and export associations in relevant product groups to closely monitor the market and consult with relevant units of the ministry of industry and trade to be prepared for any such action.

Source: fibre2fashion.com– July 13, 2024

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Cotton Highlights from July 2024 WASDE Report

USDA has released its July 2024 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The July U.S. cotton projections for 2024/25 show higher acreage, production, and beginning and ending stocks compared to last month. Projected domestic use and exports are unchanged. U.S. planted area is 1 million acres higher, as indicated in the June Acreage report, leading to a 1-million-bale increase in the crop projection to 17.0 million bales.

Ending stocks are 1.2 million bales higher at 5.3 million, or 36% of use, primarily due to the larger projected crop. The 2024/25 season average upland farm price is reduced 2 cents from the June forecast to 68 cents per pound.

Revisions to the 2023/24 U.S. cotton balance sheet include a 200,000-bale reduction in exports to 11.6 million based on the slowing pace of export shipments and a corresponding 200,000-bale increase in ending stocks.

For the global 2024/25 cotton balance sheet, production and consumption are increased, while beginning stocks and world trade are reduced. Beginning stocks are 1.7 million bales lower compared to June, with India accounting for a large portion of the reduction.

The forecast for global production is raised 1.1 million bales to 120.2 million, largely due to higher forecasted production for the United States. Consumption is 250,000 bales higher, with increases in India and Malaysia offsetting reductions elsewhere.

As a result, world ending stocks are reduced 860,000 bales from June to 82.6 million bales. Revisions to the 2023/24 world balance sheet include lower beginning stocks and higher consumption, resulting in a 1.7-million-bale reduction in ending stocks.

Source: cottongrower.com– July 12, 2024

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Shopping portal Shein pledges €200m to "Circularity Fund"

The controversial Chinese online retailer Shein plans to invest a total of €250m in the EU and UK over the next five years to advance its goal of "creating a future ready fashion industry". The flagship initiative of the investment program is a "Circularity Fund", for which Shein is providing launch capitalisation of €200m, the Singapore-based company announced on Wednesday.

The fund builds on the online apparel retailer's existing initiatives to promote R&D and innovation in circularity for the fashion industry, and will support European companies developing next-generation technologies and solutions. Shein planned to invest in early-stage start-ups working on textile-to-textile recycled materials innovation but also to enter off-take agreements or other commercial partnerships with more mature start-ups with existing production capacity in textile-to-textile recycled materials or new and emerging preferred fibres, the group explained.

"As a global leader in our sector, Shein has both the responsibility and the opportunity to accelerate innovation that can reduce the fashion industry's environmental footprint," the group's executive chairman, Donald Tang, said.

A further €50m is earmarked for initiatives that are to help European brands, designers and artisans expand their online businesses using Shein's marketplace services. Investments in R&D or pilot Shein production facilities in Europe or the UK were also possible.

The group is aiming to go public, but encountered resistance to its plans for an IPO in New York from US regulators and lawmakers amidst mounting tensions between the US and China. According to recent reports by Reuters and the Financial Times, Shein is now seeking to be listed at the London Stock Exchange.

"Ultra-fast fashion" raises environmental and consumer protection concerns

The online retailer has come in for criticism for its business model, based largely on the sale of clothing produced cheaply in China. Despite concerns over the environmental impact of the short-lived apparel and allegations of forced-labour use, the low-cost of Shein clothing and the brand's presence on social media platforms such as Instagram, Tiktok or YouTube have made it popular particularly with young consumers.

However, EU regulators are responding to consumer protection concerns. Along with its competitor Temu, Shein is the subjects of a recent EU enforcement action. In response to a complaint submitted by consumer organisations, the European Commission sent a formal request in late June for information about the companies' compliance with the EU Digital Services Act, and specifically about their compliance with provisions such as those barring manipulative online interface design and mandating the protection of minors and the traceability of traders.

Source: euwid-recycling.com– July 12, 2024

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15th Intex Sri Lanka expo in August

This year, Intex Sri Lanka, the premier international textile sourcing platform in South Asia, will be held from August 7 to 9, 2024, across four halls at BMICH, to support the industry to achieve the US $ 8 billion garment export target by 2025.

This sourcing and trading expo enables the Sri Lankan RMG industry to source a vast array of natural and manmade textiles, trims, accessories, dyes, chemicals and software solutions by connecting with 200+ suppliers from 15+ countries with country pavilions from India, Taiwan, Pakistan, China as well as textile showcases by Korea and Japan.

This dedicated trade show empowers Sri Lankan businesses to widen their product range, strengthen exports via networking with international suppliers and consolidating intra-regional partnerships to enable manufacturing through collaboration.

This year also marks the debut of InMac, a boutique garment machinery and technology showcase co-located with Intex Sri Lanka. From advanced technology in sewing and embroidery to digital fashion technology solutions, InMac will see participation by Sri Lankan and Indian companies along with representations of products and services from 10+ countries.

Endorsed by the Sri Lanka Export Development Board and Joint Apparel Association Forum along with its member associations, both Intex and InMac will offer comprehensive sourcing solutions for every stage of apparel production.

Join us in Colombo to unlock the potential for exponential growth in Sri Lanka’s textiles and apparel industry.

Source: dailymirror.lk– July 15, 2024

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How Brandix is Weaving ESG Organization Wide to Build a 'Legacy of Responsibility'

Amid their own escalating sustainability demands from stakeholders and consumers, brands are in turn expecting more from their manufacturers. On the ever-growing checklist are low-impact materials, circular solutions and traceability.

Although green goals are increasingly a given among apparel manufacturers to meet these demands, the speed and scope of change separates the leaders from the laggards. Sri Lanka-based Brandix Apparel, which supplies brands like VS&Co. and PVH Corp., has been an early adopter of sustainable practices, and it is extending responsible practices throughout its operations with a recently implemented ESG management framework, as well as a recent ESG Report.

"Our RITE values—Respect, Integrity, Teamwork and Excellence—are at the core of everything we do," said Ashroff Omar, CEO of Brandix Group. "Our new ESG management framework builds on these principles, ensuring that governance is not just about compliance but about ensuring our business is regenerative as opposed to extractive. This framework guides our decision-making processes, aligns our operations with global best practices and sets measurable targets to drive continuous improvement in environmental, social and governance aspects. We want to create a legacy of responsibility and excellence that future generations can be proud of."

Industry-wide initiatives such as The Fashion Pact and the U.N. Fashion Industry Charter for Climate Action have established carbon-neutral targets for 2050, but Brandix has set the more aggressive goal of being net-zero by 2030*. In 2023, it also became the first Asia-Pacific apparel manufacturer to sign the Climate Pledge. "We recognize the urgency of the climate crisis," said Omar. "This ambitious timeline pushes us to innovate and act decisively."

Supporting this, Brandix is investing in waste reduction, renewable energy sources and energy-efficient upgrades across its operations. Taking the lead, Brandix introduced the first net-zero apparel manufacturing facility in Batticoloa in 2019 (across Scope 1 and 2), and today as part of its commitment to the World Green Building Council in 2018, all its Sri Lankan manufacturing facilities are net-zero carbon across Scope 1 and 2.

"This achievement at Batticoloa made a significant impact for the country and industry, and we've seen other organizations starting to follow our footsteps," said Hasitha Premaratne, managing director of Brandix Group. "We stay focused on achieving many more firsts."

Brandix uses the Higg Facility Environmental Module (FEM) to report its own environmental footprint to its customers, and its average overall Higg Index score rose from 74 percent in 2021 to 86 percent in 2022. It is also working with its supply chain to reduce their own carbon impact.

"Through our ESG Framework and Supply Chain Governance mechanism, we obtain environmental performance data from our significant suppliers that enable us to monitor and work in tandem to decarbonize the supply chain," said Vinura Jayawardene, assistant manager of sustainability at Brandix. "With our commitment to the Science Based Targets initiative, we are in the process of developing supplier engagement targets for emission reduction going beyond the scope of our owned and controlled operations."

This collaborative outreach also brings together the community and the public and private sectors for joint initiatives tackling education, health, environmental impact and more, with th

e goal of benefiting individuals beyond its workforce and stakeholders. "Collaboration is vital because sustainability challenges are too complex for any single entity to tackle alone," said Premaratne. "By working together, we achieve a shared vision of a sustainable future that leaves no one behind."

Brandix is also investing in technology to support its social and environmental responsibility initiatives. Smart factories combine "efficiency and empathy," with benefits including reducing staff members' physical exertion, improving safety and enabling those with disabilities to be a part of the workforce.

Using the Internet of Things (IoT) and automation, Brandix is also able to reduce waste and use resources more efficiently, thereby minimizing its eco footprint. "We are committed to leveraging technological advancements to benefit both the planet and our people, ensuring that our interventions are a net positive for all stakeholders," said Omar.

With transparency crucial in maintaining relationships, Brandix is also using digital tools to measure its efforts. The Eco-caliper and the recently added Sustainability Performance Analyzer collect, track and analyze data on everything from water and energy usage to compliance and diversity in real time, allowing Brandix to track its progress and identify areas for improvement.

Incentivizing cross-organization commitment to reaching its goals, employees' reviews and Eighty percent of Brandix's employees are women, and it has fittingly made women's empowerment and career development a priority. Over 7,000 associate-, staff- and executive-level employees partake in Talent Accelerator programs for development. Meanwhile, EDI at Brandix is coined as IDEA – Inclusion, Diversity and Equity to Accelerate and includes RISE for Her.

"This initiative ensures that women receive the guidance and community support necessary for professional advancement," said Dinusha Jayamanne, senior general manager HR at Brandix. "Through structured succession planning, regular talent conversations and individual growth and development plans, we create personalized growth paths that align with each woman's career aspirations."

Brandix also has instituted zero-tolerance policies and procedures for harassment and discrimination, which includes channels to report complaints and grievances and representational committees designated to investigate issues raised. "Customers ensure strict compliance on ethical labor practices and the well-being of our workforce," said Lalith Bandara, director and CEO of Brandix Essentials. "This ethos is embedded into the Brandix DNA."

Source: sourcingjournal.com– July 12, 2024

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Bangladesh, Vietnam to lead cotton consumption growth in next decade

Bangladesh and Vietnam are expected to experience the fastest growth in cotton consumption and trade in the next decade as their capacities are projected to witness significant growth due to competitive labour and production costs, according to a global outlook.

The demand in the textiles and apparel sectors, as well as competition from substitutes, would remain key factors influencing raw cotton consumption.

The report also projected that world cotton trade would expand by 2.1 per cent annually reaching 12.4 million tonnes by 2033, driven largely by increased mill use in Bangladesh and Vietnam, which heavily rely on imports due to insufficient domestic production capacity.

The outlook titled 'OECD FAO Agricultural Outlook 2024-2033' is a collaborative effort by the Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO) of the United Nations.

The report published on July 02 also forecast that over the next decade, global consumption of raw cotton will increase by 1.7 per cent annually, driven by population growth and rising incomes in middle- and low-income countries.

"Imports of raw cotton by Bangladesh and Vietnam would grow by over 3.0 per cent annually, significantly contributing to global trade dynamics," read the report.

Bangladesh's mill consumption of cotton would be increased to 2.42 million tonnes which was 1.71 million tonnes in 2023, it said.

The report showed that the country's import share of cotton would be 18 per cent in 2033 while China would gain the highest 23 per cent of the global share.

The United States would remain the largest exporter with its share of world trade reaching 31 per cent by 2033, it mentioned.

Global cotton production is projected to steadily increase to 29 million tonnes by 2033, marking a 17 per cent rise from 21.14 million tonnes in the base year of 2004.

The growth will primarily stem from key producers: India is expected to contribute approximately 38 per cent to the global increase, followed by the United States (27 per cent), and Brazil (21 per cent).

The reliance on imports, according to the report, coupled with the projected growth in consumption, underscored Bangladesh's crucial role in the global cotton market.

The phase-out of the Multi-Fibre Arrangement in 2005 initially favoured Chinese textile producers. Still, Bangladesh and Vietnam saw robust growth in their textile industries driven by abundant labour, low production costs, and government support measures.

Vietnam's accession to the World Trade Organization in 2007 and significant foreign direct investment, particularly from Chinese entrepreneurs, further boosted its textile sector, it said.

Additionally, Free Trade Agreements (FTA) such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the EU-Vietnam Free Trade Agreement facilitated greater market access for Vietnamese textile exports.

Source: thefinancialexpress.com.bd– July 15, 2024

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Vietnam: Garment and textile industry pins hope on a robust second half

The garment and textile industry expects to see robust growth in the second half of this year, with rising orders and improving consumer demand.

Vũ Đức Giang, chairman of the Vietnam Textile and Apparel Association, said that many enterprises have orders for October and November, pinning their hopes for stronger growth in last months of this year to fulfill the export target of US$44 billion for the full year.

Major markets for garment and textile products, such as the US and the EU, are seeing economic recovery, while inflation appears under control, which helps improve purchasing power. Inventories of brands are dropping sharply.

Most garment companies have orders for production to the end of the third quarter and gearing up negotiations for new orders for the last quarter – the peak season for a consumption spike ready for the Christmas and New Year holidays, Cao Hữu Hiếu, director general of the Vietnam National Textile and Garment Group, said.

Hiếu forecasts that garment and textile exports will increase by 8-10 per cent in 2024.

However, garment companies are facing numerous challenges, Giang said. Orders tend to be smaller with shorter lead times and there are also stricter regulations for green and sustainable production to be able to export to markets like the EU and the US.

One of the challenges also comes from a labour shortage. It is estimated that the garment and textile industry needs around 500,000 more workers.

The association urged garment companies to renovate technology and equipment, as well as apply automation to improve quality and productivity.

Focus also needs to be on selecting environmentally friendly raw materials to keep up with the trends of sustainable fashion and a circular economy, while diversification in the market is also important, Giang said.

Garment and textile exports were estimated to reach $16.282 billion in the first half of this year, rising by 3 per cent over the same period last year.

Source: vietnamnews.vn– July 13, 2024

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Pakistan: Global compliance issues

LAHORE: Pakistani planners are so occupied with keeping the current economy afloat that they have ignored some of the burning issues at the global front, like supply chain efficiency, circularity and sustainability, all of which are crucial to conducting international trade.

Global buyers not only look for the best quality at the most competitive rates but also consider the way suppliers treat their workers. Besides living wages, they desire the suppliers to establish fair-priced shops, subsidized lunch and dinner, well-maintained toilets in sufficient numbers, and daycare centres for the children of women employees. Suppliers with tainted human rights records are banned by buyers. Consumers in developed economies also prefer goods made by ethical suppliers only.

Climate change is a hot topic throughout the world. Pakistan is among the countries that have been severely impacted by climate change. Flash floods and unusual rains are the outcomes of climate change. There is a dire need to reduce air and water pollution.

This pollution is worst in Pakistan, and its major cities, which are also its industrial hubs, are among the most polluted cities in the world. In fact, the inhabitants of polluted urban centres rarely see a clear blue sky because of the smoke emitted by vehicular traffic and smoke-emitting industries. Water channels throughout the country are flooded with poisonous chemicals thrown directly into freshwater streams by factories, as most of them have not installed water treatment plants. Tanneries, textile processors, carpet manufacturers and many apparel producers are major industrial polluters in Pakistan.

The world is rapidly recycling all textile products for reuse to produce new apparel. Some major global brands are set to achieve a ratio of 50 per cent recycled and 50 per cent fresh fibre in their products by 2030.

This is also the deadline set by the European Union for all textiles that would be permitted inside the EU. The US, Canada and Australia are also taking measures to fix limits up to which new fibre would be allowed to be used in textile products.

Other countries in the region have prepared themselves for the challenge. But this concept in Pakistan is limited to a few apparel exporters, mostly in the denim sector. Bigger brands could leave Pakistan in the next five years if the industry at large fail to keep up with global trends.

The textile sector's value chain in Pakistan is not fully developed. Baring cotton and polyester, all accessories like buttons, badges, zips, and others have to be imported. It is the same in other industries like automobiles. Our industries faced supply constraints during the Covid-19 crisis, and many of the orders could not be executed.

All these issues are related to the private sector but need handholding by the state as commissioning water treatment plants, for instance, requires huge investment. The state could commission common effluent water treatment plants at industrial hubs and take usage rent from each industry.

But no such plant is in the pipeline. The establishment of accessory units needs joint ventures under the patronage of the state. Plus, the state has to revamp its regulatory bodies to ensure that all issues related to human rights and worker compliance are fully resolved in all industries.

Source: thenews.com.pk– July 15, 2024

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Pakistan: Ties with Azerbaijan

The recent agreement to enhance bilateral investment to the $2 billion mark — from the current $100 million — is a good start. The two countries have long been supportive of each other at the United Nations and other international forums due to their lack of bilateral conflicts and the unique similarity of their main international-level disputes — Kashmir and Nagorno-Karabakh — but actual trade has been insignificant, and increasing it has been low priority until very recently. Both nations must continue building on the relationship through diplomatic engagement, such as regular high-level visits and exchanges between leaders and officials.

As for trade and investment, both countries possess diverse economies with significant potential for trade complementarity. Pakistan can offer its expertise in textiles, agricultural products and pharmaceuticals, while Azerbaijan boasts a well-developed energy sector and a strong manufacturing base. By identifying key sectors for collaboration and facilitating trade delegations and business partnerships, Pakistan and Azerbaijan can unlock new opportunities for mutual economic growth.

Furthermore, strategic investments in infrastructure and transportation links can significantly bolster bilateral trade. While direct trade is restricted by distance and the lack of direct land or sea routes — most trade would have to be via road or rail through Iran, but direct air routes connect both countries, creating potential for tourism, and even some high-value goods to be traded. It is also important to leverage the existing institutional frameworks to address trade barriers and create conducive environments for businesses from both countries. By strengthening the legal and regulatory mechanisms governing trade and investment, Pakistan and Azerbaijan can provide greater certainty and confidence to entrepreneurs and investors seeking to engage in cross-border economic activities.

As we look ahead, there is immense potential for a robust partnership that not only benefits Pakistan and Azerbaijan, but also contributes to regional stability and prosperity. By fostering closer ties, expanding trade and embracing mutual cooperation, Pakistan and Azerbaijan can embark on a journey towards shared prosperity and a brighter future for their peoples.

Source: tribune.com.pk– July 13, 2024

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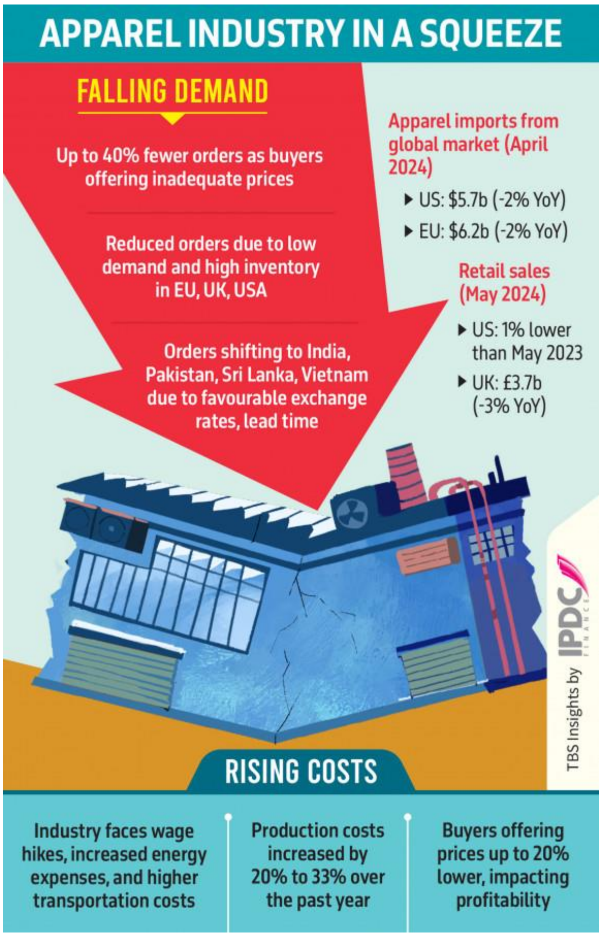
Bangladesh: Apparel facing up to 40% fewer orders as production cost rises



Apparel exporters are facing a 25-40% decline in orders as persisting energy crisis, soaring cost of business and shipment delays have forced them to run their factories much below the capacity.

While their production cost shot up by 20-33%, global buyers are offering up to 20% lower prices, forcing many to skip taking export orders.

Competitor countries such as India, Pakistan and Sri Lanka are attracting buyers away from Bangladesh as they afford to agree on lower prices due to favourable exchange rates and faster shipments.

The country's largest export sector fears a 7% drop in sales in this year's peak winter season in the West at a time when the government cut much of incentives and corrected data revealed last 10 months' export figure was overstated by about $11 billion.

This year's highest export trophy earner, the green factory pioneer and denim frontrunner are among those who are uncertain about August-September order bookings.

Mesbah Uddin Khan, managing director of Windy Group, said his business is facing a negative trend as buyers are offering 15% to 20% lower price than the production cost, which makes taking orders difficult for him. The group could not secure 20% orders for August and September this year and the time is over to get orders for the Fall Holiday season, added Mesbah, who received the highest exporter's gold trophy in the woven category from the prime minister on Sunday.

Kutubuddin Ahmed, chairman of Envoy Textiles, the world's first LEED platinum-certified denim mill, said, "The textile mill is facing challenges to meet buyer prices. Sometimes we have to adjust prices, leveraging our spinning unit to manage costs."

His factory has managed to book full orders for April, but is not sure about what comes next.

Sayed M Tanvir, managing director of Pacific Jeans, a pioneer in denim export from Bangladesh, said, "We also face challenges in competing with buyer prices. Pakistan and Turkey's exporters have a competitive advantage due to higher currency devaluation compared to Bangladesh."

The Business Standard talked with over two dozen apparel exporters, who reported significant drop in export orders, up to 40%, for the August-September period this year compared to the last year as most exporters had to skip orders due to poor rates offered by international fashion brands and retailers. Some found the offered prices do not cover their production costs.

Narayanganj-based MK Knit Fashion proprietor Mohammad Hatem said, "Almost every buyer is reducing apparel prices by 12-15%, despite increased production costs. In some cases, they are offering lower prices than a year ago, which puts us in a very tight corner."

A polo shirt was sold for $4 last year; the same buyers now offer $3.5 for it, he cited. "Running factories at lower capacity is better than taking orders at prices below production costs."

Hatem's monthly export dropped to $700,000 to $1 million from usual $1.5 million. "To break even, factories need to run at least at 80% capacity, but most are currently running at 60%," said Hatem, who is also the executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

TAD Group Managing Director Ashikur Rahman Tuhin said, "Buyers are offering prices up to 15% lower. They are citing a drop in their sales due to lower demand in Western markets." Exporters attributed the drop in orders to reduced sales in European countries, the UK, and the USA, as well as high inventory levels. Apparel imports were 2% down in all key markets in April 2024, according to Eurostat.

Meanwhile, apparel retail sales declined in major western markets – 1% in the US and 3% in the UK in May this year than in May 2023, according to the US Census Bureau. "Order placement has slowed due to low demand in major markets, and buyers are offering lower prices," said Sparrow Group Managing Director Shovon Islam. He further explained that tensions in the Red Sea have increased transportation costs, while gas and electricity price hikes and wage increases have raised overall production costs.

But buyers are not offering prices that match these increased costs, resulting in most factories being unable to book orders according to their production capacity. Small and medium factories are struggling more than the big ones to book orders, he added. Buyers are moving to India and Sri Lanka as they have more competitive edge than us to offer lower prices thanks to better incentives and favourable exchange rates, Shovon pointed out.

He also referred to buyers' concerns about timely shipments from Bangladesh. "That's why some top buyers are relocating their orders to Vietnam, India, and Sri Lanka," said Shovon Islam, also a director of the Bangladesh Garments Manufacturers and Exporters Association (BGMEA). Md Rezaul Alam, managing director of Galpex Ltd, said, "Some buyers are lowering prices due to exchange rate gains, despite increased production costs." He hopes the business situation may improve by 2025.

Preferring to remain anonymous, a senior official from a European brand said factories have higher capacity installed than the orders they get. Large capacity factories are taking orders at any cost for their survival, while small and medium factories cannot.

BGMEA's former president Siddiqur Rahman referred to potential geo-political instability in view of wars, affecting consumer confidence to some extent. Siddiqur said the cut in cash incentives also affected the exporters' competitiveness at a time when gas and electricity shortages continued, causing shipment delays and increased production cost. He urged the government to restore the cash incentive for exporters until an alternative incentive is introduced to make exporters competitive in the global market.

Source: tbsnews.net– July 15, 2024

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NATIONAL NEWS

Shri Goyal to hold bilateral meetings with his counterparts from G7 and other participating countries

Shri Piyush Goyal, Commerce and Industry Minister of India, will visit Reggio Calabria, Italy on 16th and 17th July 2024 to participate in the outreach session of the G7 Trade Ministers' Meeting. During this visit, Shri Goyal will also engage in bilateral meetings with the trade ministers of G7 countries and other participating nations in the outreach session, reinforcing India's commitment to global trade and investment partnerships.

This visit underscores India's strategic efforts to showcase the immense trade and investment opportunities it offers, emphasizing its status as a democratic nation with a strong rule of law.

Prior to his visit to Italy, Shri Goyal will be in Switzerland on 14th and 15th July 2024 for business and official meetings with Swiss counterparts.

The discussions will focus on the implementation of the European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA) and charting a roadmap for the investment commitments made by EFTA, amounting to USD 100 billion. This visit aims to further strengthen the bilateral economic and comprehensive partnership between India and Switzerland, fostering deeper economic ties and mutual growth.

At the G7 Trade Ministers' Meeting outreach session in Reggio Calabria, Shri Goyal will articulate India's vision for global trade and supply chain resilience, highlighting the significant reforms and initiatives undertaken to enhance the ease of doing business and attract foreign investments.

In addition to the G7 outreach session, Shri Goyal will hold bilateral meetings with his counterparts from G7 countries as well as trade ministers from other participating countries.

These meetings aim to explore new avenues for trade and investment, resolve bilateral trade issues, and deepen economic cooperation.

India's ascent to the 5th largest economy in the world is a testament to its dynamic economic landscape and robust growth potential. The country offers a conducive environment for global businesses with its market-oriented reforms, skilled workforce, and strategic location.

Shri Goyal's participation in these high-level meetings will further India's economic diplomacy, promoting the nation's interests on the global stage.

Source: pib.gov.in– July 13, 2024

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Textiles, Apparel and Fashion: A stitch in time for India's global trade

India, the world's 5th largest economy by GDP (Gross Domestic Product), holds a significant position in global trade. In 2023, its total trade value surpassed $1 trillion, a remarkable feat for a developing nation. But a closer look reveals an interesting dynamic between its import and export partners.

Import Powerhouses: China, UAE, and US lead the pack

As per Ministry of Commerce and Industry stats China reigns supreme as India's import giant, supplying nearly $100 billion worth of goods in FY23. This is almost double the combined import value from the UAE ($53 billion) and the US ($50 billion), ranking second and third respectively.

Consumer electronics, computer hardware, and electrical machinery are some of the top imports from China. Russia, at number four ($46 billion), stands out as the sole European representative in the top 10, catering to India's massive crude oil import needs.

A growing trade gap, a cause for concern

However, a closer look reveals a trade deficit of $268 billion, highlighting the country's reliance on imports. The US is India's biggest export market ($78.5 billion), with textile, apparel, and fashion (TAF) goods potentially contributing to this figure.

India enjoys a trade surplus with the US, unlike its major trading partners like China. Other promising export destinations include the UAE, Netherlands, and Bangladesh. China remains India's top import partner overall ($98.5 billion), with consumer electronics, computer hardware, and electrical machinery likely including TAF machinery. Other major import sources include the UAE ($53 billion) and the US ($50 billion).

India's trade deficit has steadily widened over the past six years, reaching a record $268 billion in FY23. This can be attributed to factors like a large and growing domestic demand that is not entirely met by its manufacturing base, and a heavy reliance on external crude oil supplies.

Table: Top import and export partners

Rank	Country	FY23 imports (mn $)	FY23 exports (mn $)	Trade difference (mn $)
Imports				
1	China	98,506	15,306	-83,200
2	UAE	53,232	31,609	-21,623
3	US	50,864	78,543	27,679
Exports				
1	US		78,543	
2	UAE		31,609	-21,623
3	Netherlands		21,618	15,657

India's trade presents a fascinating picture of a growing economy with immense potential. To bridge the trade gap, India might focus on sectors like textiles, apparel, and fashion, where it has a strong comparative advantage. By strategically promoting exports and potentially reducing reliance on certain imports, India can work towards a more balanced trade scenario in the coming years.

Source: fashionatingworld.com– July 12, 2024

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More instructions on FTA-COO for claiming exemptions

The Jawaharlal Nehru Customs House (JNCH), Nhava Sheva, near Mumbai has issued revised guidelines for verification of certain details when imputers claim clearance at lower or nil rate of customs duty under various exemption notifications giving effect to preferential/free/regional trade agreements (FTA). Other customs houses may follow suit.

For availing exemptions under FTAs, the importers have to obtain certificates of origin (COO) from the sellers in accordance with the relevant rules for determination of origin of the goods and produce them before the Customs. Besides, the importers must be compliant with the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, which was introduced to prevent misuse of duty concessions under trade agreements by requiring due diligence from importers to verify the originating criteria of imported goods.

Still, the assessing officers found certain difficulties and so, to deal with such situations, the JNCH had issued Public notice no.33 dated March 20, 2024. Now those guidelines have given way to revised instructions through Public Notice no. 55 dated June 24, 2024.

The latest instructions say that the importer must submit the FTA-COO, indicating the FOB value in the relevant column, along with the third country invoice details. The amount of freight and insurance must also be disclosed, either in the third country invoice or by submitting a freight certificate and insurance receipt.

Second, if the third country invoice and the FTA-COO show the same FOB value, the importer must provide an explanation for the identical FOB values mentioned in both the documents.

Third, if the bill of lading issued in favour of the shipper located in the country of origin (exporting country) indicates 'freight prepaid' and the freight has been paid by someone other than the shipper indicated on the bill of lading, the importer must submit a freight certificate.

Fourth, where the FTA-COO is issued on the basis of third country invoice, the values mentioned in both the documents must be in the same currency.

Fifth, where the third country invoice indicates more items than indicated in the FTA-COO, the benefit of FTA will be limited to the items covered in the FTA-COO. Lastly, where the third country invoice and the FTA-COO indicate different CTH (customs tariff heading) but the product description is the same in both the documents, the importer should self-declare the preferred CTH in the bill of entry. If the product description in the third country invoice and FTA-COO are different, the eligibility for FTA benefits will be examined as per the provisions of the law.

The Public Notice also says that the proper officer will give option to the importer for early clearance against bond and bank guarantee, if the importer needs more time to submit information and supporting documents sought by the proper officer.

In the last few years, the Customs have come across a number of instances where the duty exemptions were claimed under FTA notifications on the basis of COO that did not correctly show the origin of the goods. Besides, the government is consciously trying to discourage imports at concessional duty rates under FTA notifications.

So, the importers claiming exemptions on the basis of COO must be aware of the stringent scrutiny from the Customs and take extra care to ensure that they are fully compliant with the relevant rules.

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

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Non-tariff barriers: Centre readies steps to ease exporters' woes

Sets up panel, identifies challenges, to launch portal soon

The government is working towards a strategy to tackle non-tariff barriers faced by exporters by setting up a committee and launching a portal, a senior official said.

Typically, non-tariff barriers take several years to resolve. The development comes at a time when India is negotiating free-trade agreements (FTAs) with several developed economies, where non-tariff measures related to environment and sustainability have become a cause for concern for Indian exporters. During a recent review meeting, exporters had urged Commerce and Industry Minister Piyush Goyal to develop a strategy to tackle non-tariff barriers imposed by trade partners that hinder India's exports.

In international trade, barriers faced by exporters and importers may not be limited to the imposition of tariffs or duties. Non-tariff barriers, such as documentation procedures, certification, inspections of goods, standards, import restrictions, prohibitions, seasonal duties, tariff rate quotas, and public procurement practices, are seen discriminatory against imports.

"A committee has been set up to look at the barriers. Sometimes, resolving non-tariff barriers requires improvements or changes from our (India's) side, and at times, engagement with trade partners. The government is trying to find out the best way forward to resolve the issues," the official said.

The official said the committee would do a detailed analysis and try to understand whether a regulation imposed by the trade partner is compliant with the rules of the World Trade Organization (WTO) or whether India has objected to it in the past.

"(It will also determine) whether the matter is WTO-compliant, other countries are complying with the norms, and if we (India) can tweak our system to deal with the challenge," the official told Business Standard.

The government has identified 100-200 non-tariff barriers and is collating trade data. The plan is to launch an online portal over the next few months, the official said.

The portal will allow exporters to report non-tariff barriers and identify if they are WTO-compliant and if it's a company-specific issue or being faced by multiple exporters. The committee will then deliberate on the steps to intervene, the official said.

The portal will also help in tracking the history and the chronology of the barriers and the number of times they have been discussed with trade partners.

Ajay Sahai, director general and chief executive officer at the Federation of Indian Export Organisations, said the committee was extremely important because the exporters were not aware of these kinds of non-tariff barriers. "The panel will provide a platform where these issues can be brought to the notice. It then can constructively engage, either at the bilateral or multilateral level, to see how these can be addressed. Domestic industries will be asked to make necessary improvements," Sahai said.

In the pipeline

Move comes days after exporters flagged concerns with minister

Non-tariff measures on environment and sustainability in FTA negotiations a cause for concern for exporters

Portal will allow exporters to report barriers and identify if they are WTO-compliant

Will help in tracking history and chronology of the barriers

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

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Next round of India-Korea FTA review meeting from July 17 in Seoul

With talks to upgrade the existing India-Korea free trade agreement (FTA) moving forward, senior officials of both countries will hold the next round of negotiations from Wednesday in Seoul, an official said. The agreement, dubbed as comprehensive economic partnership agreement (CEPA), was operationalised in January 2010. So far, 10 rounds of review talks have been concluded.

The Indian team "will visit Seoul from July 17-19" for the next round of review meetings, the official added.

"In the 11th round, both the sides would discuss the broad contours for closing the deal," the official said, adding that Korea is keen to conclude the negotiations this year.

The two countries have sought greater market access for certain products, which are under the negative list of the agreement. No customs duty concessions are granted for the goods under this list.

The Department of Commerce has engaged with different ministries, including heavy industries, steel, and chemicals, to prepare the offer list. India has sought greater market access for certain products like steel, rice, and shrimp from South Korea to boost exports of these goods. India has flagged issues over Korean firms not buying Indian steel.

The review exercise assumes significance as both sides have shared the hope that the CEPA upgradation negotiations would play an important role in strengthening and deepening economic cooperation between both countries.

In general, such review or upgrade exercises include implementation issues, rules of origin, verification process and release of consignments, customs procedures, further liberalisation of trade in goods, and sharing and exchange of trade data.

India has also raised concerns about the growing trade deficit between the two countries. India's exports to Korea dipped to USD 6.41 billion in 2023-24 from USD 6.65 billion in 2022-23 and USD 8 billion in 2021-22.

The imports stood at USD 21.13 billion in the last fiscal as against USD 21.22 billion in 2022-23 and USD 17.5 billion in 2021-22.

According to the economic think tank Global Trade Research Initiative (GTRI), India's trade deficit with South Korea increased at a much higher rate compared to its trade deficit with the world.

It said India's trade with South Korea has shown significant changes in the periods before and after the implementation of the CEPA.

Besides, a GTRI report has stated that Indian exporters are facing various non-tariff barriers in South Korea, including stringent standards, regulations, and certification requirements, and these barriers make it difficult for Indian goods to penetrate the South Korean market.

According to GTRI, India is looking for greater liberalisation in the services sector, including healthcare and information technology (IT), and easier access for Indian professionals and service providers in the South Korean market.

Source: economictimes.com– July 14, 2024

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India, Qatar identify local currency trade, customs cooperation as focus areas

New Delhi: India and Qatar have agreed to expeditiously address all impending bilateral trade issues and have identified gems and jewellery, cooperation between customs authorities and trade in local currency among areas of focus, commerce and industry ministry said Friday, after representatives from the two sides reviewed recent developments in a Joint Working Group meeting in Doha this week.

Both sides identified several areas of focus for enhancing both bilateral trade as well as mutually beneficial cooperation sectors.

“These include gems and jewellery, cooperation between customs authorities, trade in local currency, pharmaceuticals, food processing and food security, cooperation in Micro, Small and Medium Enterprises (MSMEs),” the ministry said in a statement.

The meeting was held in Doha on July 10.

Bilateral trade between India and Qatar was $14.08 billion in 2023-24. India is the second largest trading partner to Qatar. Both sides agreed to hold the next meeting of the JWG in 2025, in New Delhi.

They reviewed the progress of ongoing discussions for Memorandum of Understanding (MoUs) on Food Safety and Cooperation in exchange of pre-arrival information for facilitation of trade and customs control on goods and agreed to conclude them expeditiously.

Both sides discussed the possible mechanism to activate the Joint Business Council to carry out its assigned role in following up and implementing the private sector’s visions and proposals for trade and investment cooperation, according to the statement.

Source: economictimes.com– July 12, 2024

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Exports positive in April-June quarter despite challenges: Piyush Goyal

India's exports have recorded healthy growth in May and remained in the positive zone in June and the first quarter of the current fiscal despite global challenges, Commerce and Industry Minister Piyush Goyal has said.

He also said that growth in the services sector is helping the country's outbound shipments to register positive growth rates.

"In May, exports were positive, the figure for June is also positive. The first quarter is also in the positive territory," Goyal told PTI.

India's merchandise exports rose 9.1 per cent to $ 38.13 billion in May. During April-May this fiscal, the outbound shipments grew by 5.1 per cent to $ 73.12 billion.

The commerce ministry will officially release the export data for June on July 15.

"Despite the ongoing two wars (Russia-Ukraine and Israel-Hamas), the Red Sea crisis, and container shortage issues, our exports are in a positive zone. One more advantage that we have is the fast pace growth in the services exports," the minister said.

He added that the services sector has received a boost from the government's Digital India mission.

"The roll-out of 4G and 5G in the country too is helping the services exports of India," Goyal noted.

Last month, the minister stated that India's goods and services exports are expected to cross $ 800 billion this fiscal despite global challenges. In 2023-24, the shipments stood at $ 778.2 billion (goods $ 437.1 billion and services $ 341 billion).

When asked about foreign direct investments (FDI) into the country, he said the inflows would increase once the international recessionary conditions start improving and interest rates in the US and Europe start coming down.

Irrespective of this situation, India is continuously receiving FDI, he added.

The US and other developed countries have high interest rates, and because of that, those markets are profitable to invest in.

The commerce minister added that a healthy infusion of funds by foreign portfolio investments (FPIs) in India reflects greater confidence of investors in India despite high interest rates in developed economies.

FPIs in June infused Rs 26,565 crore in Indian equities, driven by political stability and a sharp rebound in markets.

FDI equity inflows in India declined 3.49 per cent to $ 44.42 billion in 2023-24. Inflows during January-March FY24, however, rose by 33.4 per cent to $ 12.38 billion against $ 9.28 billion in the year-ago period.

The total FDI -- which includes equity inflows, reinvested earnings and other capital -- declined marginally by one per cent to $ 70.95 billion during 2023-24 from $ 71.35 billion in 2022-23, data from the Department for Promotion of Industry and Internal Trade (DPIIT) showed.

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

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India's IIP grows 5.9% YoY to 154.2 in May 2024

India's index of industrial production (IIP) grew by 5.9 per cent to 154.2 in May this year compared to 145.6 in the same month last year, according to quick estimates by the government. The IIP for manufacturing grew by 4.6 per cent year on year (YoY) to 149.7 in the month.

The indices stood at 160.9 for primary goods, 105.2 for capital goods, 160.8 for intermediate goods and 185.1 for infrastructure/construction goods in May.

The indices for consumer durables and consumer non-durables stood at 129.8 and 153.3 respectively in the month, an official release said.

The IIP growth rate in May last year was 5.7 per cent YoY.

Source: fibre2fashion.com– July 14, 2024

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India Budget 2024-25: Fabric makers want restrictions on dumping

India's fabric industry is urging Finance Minister Nirmala Sitharaman to protect the country's domestic industry by imposing restrictions on dumping of fabrics and garments.

They are of the opinion that if the government fails to take appropriate measures in upcoming Budget 2024-25, the country would miss achieving the double-digit growth needed to meet goals set for the years 2030 and 2047. Sitharaman will present her seventh consecutive Budget in the Parliament on July 23.

Ashish Gujarati, the vice president of the Southern Gujarat Chamber of Commerce and Industry (SGCCI), told Fibre2Fashion, "The finance minister should impose Minimum Import Price (MIP) on all types of fabric under various HSN codes.

After imposing MIP on certain codes, there is huge scope of manipulation in different types of fabric. Under invoicing of imported fabric is still a big problem. The government's measures to impose MIP on certain HSN codes failed to boost demand of domestic textile value chain. It indicates that Chinese manufacturers are still dumping cheaper fabric in the Indian market."

Gujarati stressed that the government should not include fabric and garment in free trade agreement (FTAs) with various countries. Domestic industry is getting severely hurt due to huge imports of these products. He also suggested that the government should come out with a special incentive scheme for weaving and knitting industry.

He explained that the Indian fabric industry has been sandwiched between dominance of yarn and fibre producers and slow demand from garment industry. "Fabric industry is suffering as fabric and garment imports are eating domestic market."

He suggested that the finance minister should defer MSME payment rule at least for one year and it should be implemented in phased manner so industry and trade can shift their business from longer credit to short credit system.

Moreover, the industry expects the government to ensure availability of raw material at international prices and quality. The Indian industry is lagging behind in export market due to higher cost of production, and is unable to compete with exporters of other countries.

Gaurang Bhagat, President of Gujarat-based Maskati Cloth Market Association has strongly demanded imposition of anti-dumping duty (ADD) on fabric imports from China.

“The government should act swiftly and impose ADD immediately as Chinese suppliers are dumping cloth at very lower price compared to domestic prices.” Regarding MIP, he echoed Gujarati and said, “There is a possibility to manipulate in HSN code to evade duty and under-invoice the inbound shipments. Huge import of fabric has left the domestic textile industry in crisis.”

He said that domestic spinning, weaving/knitting and dyeing and processing industries are facing slow demand as finished fabric is available at cheaper prices.

Subir Mukherjee, Business Head-Denim at Bhaskar Industries suggested duty free import of cotton for fabric exports to neutralise the duty impact on fabric exporters.

The government can also consider alternatively to refund import duty to the exporters who shipped fabric from the country. He argued that duty drawback and RoDTEP (Remission of Duties and Taxes on Exported Products) do not compensate import duty on cotton.

He also demanded that RoDTEP value cap for chapter 5211 to be increased from ₹3.40 per square metre to the same level as chapter 5209 (₹12.5 per square metre). Denim export under chapter 5211 are more than 40 per cent of total denim exports from India.

He said that duty free import should be allowed only if fabric origin is Bangladesh or India. “We need to stop Chinese origin fabric entering into India through the Bangladesh garmenting route. Indo-Bangla textile trade should be in Indian rupee instead of USD. It will give significant cost advantage, as in many transactions there are multiple US intermediary banks involved which adds cost of $100-150 per transaction.”

"Most global customers are looking for superfast order execution. Since our denim garment capacity is minuscule, we access the international market primarily through Bangladesh. Our main competition with local Bangladeshi mills is due to the long and unreliable transit time from India to factories in Dhaka.

Given the average distance of about 2,000 km from Indian mills to Dhaka factories, we should aim for ex-mill to in-factory delivery within 5-7 days. This will boost our competitiveness against China and Bangladeshi local mills.

Major investments are needed for roads and warehousing facilities on both sides of the border (Petrapole/Benapole) with Bangladesh. The last ten kilometres to the border on the Indian side should be under CISF protection to mitigate hassles faced by exporters," Mukherjee added.

Source: fibre2fashion.com– July 14, 2024

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Synthetic textile makers seek relief from QCOs amid supply chain woes

Industry experts and researchers attribute export contraction in the MMF sector to multiple factors, including raw material availability issues arising from QCOs, a slowdown in global demand, an inverted duty regime, and the labour-intensive nature of India's textile production, which affects its competitiveness.

Downstream synthetic textile manufacturers are urging the government to revoke Quality Control Orders (QCOs) on man-made fibres (MMF), which have undermined the competitiveness of the MMF supply chain by limiting access to affordable and specialised raw materials.

With the textile sector already grappling with weak domestic demand, shrinking exports, and an underdeveloped raw material value chain, QCOs on polyester and viscose inputs have further exacerbated its woes, leading to significant idling of production capacity and balance sheets turning red, according to industry representatives.

"We do not get our raw material at internationally competitive prices. That is the biggest problem, which is impacting our exports. The first item in the value chain, the raw material that you use for synthetic textiles, is either polyester staple fibre (PSF) or viscose staple fibre (VSF). All these basic raw materials are at least 20 per cent more expensive in India than anywhere else in the world. That is killing our competitiveness," Rakesh Mehra, Chairman of the Confederation of Indian Textile Industry (CITI) told The Indian Express.

Industry players report that the market prices of PSF and VSF increased in FY24 following the implementation of QCOs on these inputs early on in the financial year. A QCO mandates foreign exporters to obtain Bureau of Indian Standards (BIS) certification to sell products covered under it in India. It is aimed towards curbing the import of poor quality products into the country.

BIS, industry players allege, has been highly selective in granting certifications under the PSF and VSF QCOs to foreign exporters. For instance, while 65 per cent of PSF imports in 2022-23 came from China and Thailand. The BIS has not certified any Chinese unit alongside only three Thai units, two of which are owned by Indorama Ventures, which also manufactures PSF in India. Similarly, while 50 per cent of VSF imports in FY23 came from Indonesia and Singapore, no company in the two countries has received BIS certification. Moreover, the BIS has certified only three overseas VSF units in Austria and the United Kingdom, all owned by Lenzing AG. However, Lenzing's Indonesia plant is yet to be certified.

Consequently, PSF imports dropped 43 per cent in FY24 to Rs 520 crore from Rs 917 crore in FY23, as per official trade data. Similarly, VSF imports plummeted 65 per cent to Rs 710 crore from Rs 2,033 crore in the same period. Curbing of VSF and PSF imports has forced downstream users– including spinners, weavers, and knitters, to rely more heavily on domestic fibre supplies. Various industry representatives told The Indian Express that these inputs are more expensive in the domestic market, which also lacks adequate supply of specialised fibres.

In FY24, the MMF textile sector experienced a significant downturn, according to Directorate General of Commercial Intelligence and Statistics (DGCIS) data compiled by CITI. Exports of MMF apparel fell by 22 per cent to $2.89 billion from $3.53 billion in FY23. Overall exports in the MMF sector dropped by 11 per cent to $9.03 billion from $10.02 billion.

"The QCOs are a lethal thing that they have done. There is nothing wrong with quality control to ensure that the end product which the consumer is using doesn't trouble the skin. If at all they have to apply QCOs, they should apply it on garments and fabrics. What is a QCO on raw materials going to do? It is not going to ensure that the end product is correct. It is a non-tariff barrier and a protection to them (domestic industry) so that they can charge higher prices," Mehra said.

In a meeting of the National Committee on Textiles & Clothing (NCTC) in May, representatives from various industry bodies called for suspending PSF and VSF QCOs for a few years to allow domestic upstream manufacturers to become competitive. The temporary removal of these QCOs, they argued, will help revitalise the sector by allowing access to cheaper raw material and improving sourcing flexibility.

In March earlier this year, The Indian Express had analysed official documents obtained through the RTI Act to show how Aditya Birla Group-owned Grasim Industries Ltd lobbied the Ministry of Textiles to implement a QCO on VSF to curb imports. Grasim Industries is the sole producer of VSF in India.

In August, 2021, the Competition Commission of India (CCI) issued an order stating that Grasim had abused its dominant position in the VSF market "by charging discriminatory prices to its customers, denying market access and imposing supplementary obligations upon its customers". Grasim subsequently appealed the order before the National Company Law Appellate Tribunal (NCLAT) and the case is currently ongoing.

The PSF market is relatively more fragmented but still concentrated. As per documents from the Directorate General of Trade Remedies (DGTR), Reliance Industries Limited (RIL) accounted for 57 per cent of domestic PSF production in 2017. The remaining market share belonged to Alok Industries Ltd, owned by RIL, Indo Rama Synthetics (India) Ltd, and The Bombay Dyeing & Mfg Co Ltd. Industry players claim that RIL continues to hold a market share of more than 60 per cent.

The downstream industry received partial relief when the Directorate General of Foreign Trade (DGFT) exempted VSF imports from QCOs under the advance authorization (AA) scheme in March. This exemption was extended to PSF imports in June. The AA scheme permits duty-free import of inputs that are physically incorporated into export products. However, the industry argues exemption under the AA scheme is not enough and QCOs on textile inputs should be removed altogether. "It's only a very handful of people who can use advance authorisation. A person who is exporting made-up textiles can't use advance authorisation– he is too small to use the exemption. The government's policy should be such that you import from wherever in the world you can where it is cheaper," Mehra said.

"Man-made cellulose fibre (VSF) constitutes a negligible share of the MMF basket. On account of geopolitical issues, overall textile demand has fallen resulting in lower exports in the recent past for the overall textiles sector. The fall in (VSF) exports is much lower than the overall sector. The QCO includes provisions for importing raw materials on an advance authorization basis for export purposes. Therefore, the argument that the QCO hampers viscose exports is not substantiated," a spokesperson from Birla Cellulose, a subsidiary of Grasim, said.

The textiles ministry, the chemicals and fertilisers ministry, the finance ministry, BIS, and RIL did not respond to requests for comments.

Notably, the decline in exports persists despite the government's Production Linked Incentive (PLI) scheme for the MMF sector, with a financial outlay of Rs 10,683 crore. "Right now, people are not in a mood to invest in textiles because investment can only happen when there's an attraction to invest," Mehra said.

Even in the domestic market, demand has been muted. "Demand is less now, both domestic and exports. According to me, discretionary expenditure is shifting towards travel, buying watches. If you see today, yarn spinners are running at 50 to 75 per cent capacity. Others in the value chain are also around 60 per cent capacity," Mehra added.

"If we look at tailwinds… the supply chain is relatively dry, and they are starting to replenish. But if we look at headwinds, the interest rate, the inflation and also the propensity of the consumer to spend on apparel, that continues to be a challenge," Sagarika Jain, Executive Director at Ludhiana-based Vardhman Textiles Ltd said at an earnings call in May.

"We are now in a phase where the inventory correction is behind us and brands are talking about growth, though in a cautious way, but there is talk about growth across the board, which has not been the case for the whole of last year," Punit Lalbhai, Vice Chairman and Executive Director at Ahmedabad-based Arvind Ltd told investors in May.

Source: indianexpress.com– July 12, 2024

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Fast fashion grows quicker than traditional apparel brands

Young men choosing fast fashion in the financial year 2024 wore oversized t-shirts, graphic tees, printed shirts and cargo pants. The next major fashion trend for them is likely to be co-ord sets and all-time jackets. Millennial and GenZ women purchased dresses, co-ords and wide-legged trousers in FY24 with shapewear expected to be the next big thing, said a new report from Redseer Strategy Consultants. In FY24, India's fast fashion segment grew 30-40% compared to the sluggish 6% growth for the larger apparel category. The country's buzzing $10 billion fast fashion segment will touch $50 billion in seven years, the report said.

Fast fashion is distinct from regular or traditional fashion brands that launch 3-4 collections in a year based on seasons. Fast fashion refers to fast-moving clothes that are on trend and hit the market swiftly. The report said fast fashion companies release more than 50 collections in a year and are in perpetual production mode to keep consumers up to date in designs and styles.

Kushal Bhatnagar, associate partner, Redseer Strategy Consultants, said currently fast fashion is the fashion industry's growth lever. "Other than global brands like Zara and H&M, India's fast fashion segment has got a big boost from homegrown Zudio from the Tata group. A clutch of online-first brands like Newme, Urbanic and Snitch, too, have risen fast," Bhatnagar said.

"Success of global brands like Shein and Fashion Nova has made fast fashion mainstream," said Sumit Jasoria, co-founder of two-year-old online women's clothing brand Newme. "Shein is ultra-fast fashion. It does in 7 days what others take two months to do," Jasoria said. Shein is soon returning to India with Reliance Retail.

Fast fashion's dramatic growth is riding on young consumers' penchant for experimenting with newer trends and brands. GenZ is shopping for more clothes for going out and for posting pictures on social media. India has 362 million Instagram users of which the majority are young. "They are searching for global fashion trends online and watching reels which is fuelling the craze for fast fashion," said Jasoria of Newme, which is funded by Fireside Ventures.

Last month, UK's popular fashion e-tailer Urbanic launched another brand Savana for GenZ in India which will have limitless collections and styles, according to its founding partner Rahul Dayama. He said since youngsters are buying more, they need affordable clothes. The company employs Artificial Intelligence for Urbanic and Savana for predictive analysis, end-to-end logistics and to reduce dead stock. "We cannot control consumption but we can curb wastage by accurate predictions on trends and inventory," Dayama said.

Urbanic is focusing on tier 1 and tier 2 cities though it sells all over the country online. "For my brands, I am looking beyond the demographics of age and city. I am looking at psychographics. I have met people who are 50 but feel like 18. Or consumers in tier 3 cities living the tier 1 life. They are all dressing up," said Dayama.

But being in the fast fashion business is not easy. The biggest challenge is building an agile and nimble supply chain to convert emerging fashion trends into clothing and reach the market first. Newme launches 500 designs online every week.

However, Vedang Patel, co-founder of online brand The Souled Store said the principal challenge in the fast fashion industry is clutter as everyone seems to have the same products and designs. "For instance, if you see a crochet t-shirt once, you will see it everywhere. Though fast fashion grows faster on the back of new trends, you could also be stuck with inventory when things go out of fashion," Patel said.

The Souled Store is a 10-year-old casual wear brand for men, women and children. "We are not into fast fashion and are still growing at 60% a year. We sell pop culture and our casual wear is timeless," Patel said. Besides, he feels consumers will start making discerning choices in fashion wear as their wardrobes are already full.

But Dayama doesn't foresee fast fashion losing steam. All social media platforms are growing. Instagram is adding new users. "The India market is bound to grow. Plus there's good competition. I don't think there will be a winner who takes it all. I have not met a young woman who has only one brand in her wardrobe", Dayama said.

Source: hindustantimes.com– July 12, 2024

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Knitwear production in Tiruppur drops by 60% as costs rise

Already struggling with export market competition from Bangladesh and China, the Tiruppur knitwear industry now faces challenges in the domestic market as well. This year, knitwear production for the Indian market, valued at Rs 30,000 crore, plummeted by nearly 60 per cent.

Garment manufacturersare highlighting the lower production costs in states like Punjab and Gujarat, which are closer to man-made fabric (MMF or synthetic) manufacturers. Production costs in these states are at least Rs 80 per garment cheaper than in Tamil Nadu. They are urging the state government to establish a special committee to protect the domestic industry and encourage synthetic fabric production within the state.

MPMuthurathnam, President, Tiruppur Exporters and Manufacturers Association, states, typically, most orders come from cities like Delhi, Mumbai, and Bengaluru. However, this year, the orders have shifted to Gujarat, Punjab, Bihar, and Odisha, mainly due to the cost of production differences. He notes,domestic production is dominated by garments made from MMF rather than cotton. The association is compelled to source these fabrics from cities like Surat and Ludhiana before it processes, stitches, and dispatches finished garments from Tiruppur.

With the emergence of large-scale domestic production units in other states, demand for garments from Tiruppur has decreased. The rise in labor wages and zero-discharge of effluents has led to an increase in production costs in the state. Transportation alone costs Rs 18 per kg. Therefore, the state government needs to promote synthetic or MMF fabric production locally, urges Muthurrathnam.

MG Kumar, Vice-President, Tiruppur Seconds Baniyan Owners' Association, adds, there is a massive stockpile of knitwear in Khadarpet, Tiruppur's domestic knitwear trade hub. However, orders from Delhi and Mumbai have declined. The demand for pure cotton garments is decreasing as polyester ones are Rs 170 cheaper per piece. Cheap synthetic fabric from China and Bangladesh is being imported to Kolkata, Kumar adds urging for a ban such imports.

Source: fashionatingworld.com– July 13, 2024

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Textile manufacturers present growth plan to central government

COIMBATORE: The Indian Texpreneurs Federation (ITF) has urged the Union government to make several changes in the textile policy.

The ITF demands include increasing apparel exports from the current $1.5 billion per month, building a ready-to-cut dyed fabric ecosystem in India, knowledge partnership with leading producers of man-made fibre (MMF) and engaging with traditional markets like Japan.

An ITF team led by its convenor Prabhu Dhamodaran presented a growth plan for the Textile and Apparel sector to Union Textile Minister Giriraj Singh on Wednesday.

"India can utilise the China-plus One opportunity in apparel exports and improve the current monthly run rate of $ 1.5-billion apparel exports steadily. On a comparison basis, China's monthly rate of exports currently is at $12 billion in apparel alone. Scale, competitiveness, specialisation, integration and diversification of markets are the themes for the growth," ITF said in the report presented to the ministry.

The ITF urged the ministry to build a ready-to-cut dyed fabric ecosystem in India to improve efficiency and cost competitiveness. Also, it highlighted the need for the creation of a semi-integrated and integrated manufacturing ecosystem to handle the large-volume commodity apparel exports.

"To grab more market share from the current 2% in the US MMF apparel market valued at $ 35 billion, we need to create knowledge partnerships with MMF-specialised countries and also do similar exercises within Indian clusters," ITF said.

Source: newindianexpress.com– July 12, 2024

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