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TEXPROCIL NEWS CLIPPINGS

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Currency Watch			
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NATIONAL NEWS	
No	**Topics**
1	Goyal expresses concern over Bangladesh, says BIMSTEC need to re-examine FTA talks
2	TEA orients apparel MSMEs in Tiruppur on EU-stipulated carbon emission norms for sustaining export business
3	Cotton spinning units worried over escalating situations in Bangladesh
4	Bangladesh crisis: Why India’s textile industry can grow during Muhammed Yunus’ interim government
5	Indian Textile Manufacturing Hub Launches Solar Plant to Power Production
6	Indian companies in Bangladesh face revenue hit due to political turmoil
7	India's Maharashtra cabinet clears state's logistics policy
8	Velumani: Help Tirupur textile units grow

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INTERNATIONAL NEWS

German exports down 3.4% MoM in June; trade surplus shrinks

German exports were down by 3.4 per cent month on month (MoM) and imports were up by 0.3 per cent MoM on a calendar- and seasonally-adjusted basis in June this year, provisional official statistics show.

Exports in the month decreased by 4.4 per cent year on year (YoY) and imports fell by 6.4 per cent YoY, the Federal Statistical Office (Destatis) reported.

After calendar and seasonal adjustment, Germany exported goods worth €127.7 billion and imported goods worth €107.3 billion in June.

The foreign trade balance showed a surplus of €20.4 billion in the month.

The calendar- and seasonally-adjusted surplus stood at €25.3 billion in May 2024 and €19 billion in June.

On a calendar- and seasonally-adjusted basis, Germany exported goods worth €69.7 billion to the member states of the European Union (EU) in June, while it imported goods worth €56.3 billion from these countries in that month.

Calendar- and seasonally-adjusted exports to EU countries fell by 3.4 per cent MoM, while imports from these countries rose by 1 per cent MoM in June.

The value of the goods exported to euro area countries in June this year totalled €48.5 billion and the value of the goods imported from these countries was worth $37 billion.

In June, goods worth €21.3 billion were exported to EU countries not belonging to the euro area, while the value of the goods imported from these countries was €19.3 billion, on a calendar and seasonally adjusted basis.

Exports of goods to countries outside the EU (third countries) amounted to €57.9 billion in June, while imports from these countries totalled €51.0 billion, on a calendar and seasonally adjusted basis.

Exports to third countries declined by 3.5 per cent MoM and imports from those countries dropped by 0.4 per cent MoM in June, a Destatis release said.

Most German exports in June were to the United States. After seasonal and calendar adjustment, exports of goods to the United States were down by 7.7 per cent MoM, with the value of such exports dropping to €12.9 billion.

Exports to China increased to €7.9 billion, while exports to the United Kingdom fell to €6.5 billion.

Most imports in June came from China. Goods to the value of €12.3 billion were imported from there—a 4.9-per cent decrease MoM after calendar and seasonal adjustment.

Imports from the United States declined by 6.5 per cent MoM to €7.4 billion. Imports from the United Kingdom increased by 11.1 per cent MoM to €3.1 billion in the month.

Exports to Russia declined by a calendar- and seasonally-adjusted 3.2 per cent MoM to €0.6 billion in June. Such exports fell by 22.2 per cent YoY in the month. Imports from Russia dropped by 1.5 per cent MoM and by 44.8 per cent YoY to €0.2 billion in June.

Source: fibre2fashion.com– Aug 08, 2024

HOME

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July US container import volume hits 3rd highest on record: Descartes

The robust growth of US container import volumes continues, with July reaching the third highest monthly volume on record, according to Canada-headquartered Descartes.

July's volume of 2,556,180 twenty-foot equivalent units (TEUs) was eclipsed by the first- and second-highest volumes in May 2022 (2,622,465 TEUs) and March 2022 (2,558,021 TEUs) respectively. The July volume represented a 26-month high since the all-time high set in May 2022.

Despite the increased volume in July, port transit time delays showed little impact with largely negligible improvement or decline.

July 2024 volumes increased 11.2 per cent over June 2024 totals, which is consistent with the rise that occurs in peak season in non-pandemic years, the technology solutions provider for logistics and supply chain management noted.

US imports from China set a record high in July of 1,022,913 TEUs, exceeding the previous record set in August 2022 by 19,188 TEUs. These represented a 14.7-per cent increase month on month (MoM) and a 19.9-per cent rise year on year (YoY).

August's update of logistics metrics monitored by Descartes reinforces the strength of US container imports since the start of 2024.

Despite strong volumes, global supply chain volatility is still expected during the second half of the year because of the Middle East conflict, stalled labour negotiations at US South Atlantic and Gulf Coast ports, and reduced US port capacity as container volumes slowly return to the Port of Baltimore since reopening in June, observed Descartes.

US TEU import volume in July this year was up by 16.8 per cent YoY. The growth in import volume over the first seven months of 2024 is 15.6 per cent higher than the same period in 2019.

The potential severity of trade disruption stemming from the expiration of the agreement between the International Longshoremen's Association and the United States Maritime Alliance is currently unknown. The agreement is scheduled to expire at the end of September 2024 and, if no resolution is reached, labour action could disrupt operations at South Atlantic and Gulf Coast ports, noted Descartes in a release.

ILA leadership has communicated that they do not intend to extend the current agreement and have advised members to brace for the possibility of a coast-wide strike in October this year.

Source: fibre2fashion.com– Aug 09, 2024

HOME

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US slowdown imperils China's path to export-driven recovery

China's export engine, vital for keeping the country's growth target of around 5% within reach, is now threatened by signs of sagging US demand, just as Beijing is also struggling to jolt its own consumer economy.

Sales abroad have been a rare bright spot for China's $17 trillion economy over the past six months, helping it weather the strain from sluggish domestic spending and a prolonged property slump.

Still after three months of acceleration, export growth in dollar terms unexpectedly slowed to 7% in July from a year earlier, data showed on Wednesday. On a seasonally adjusted basis, monthly export growth to the US fell slightly, according to Pantheon Macroeconomics.

But a potential demand shock from the US could prove hard to contain since the country remains the single largest destination for Chinese exports by country, despite years of trade rancor and tariffs designed to protect domestic industries. There's also a risk that a US slowdown could send shockwaves around the world, curbing global demand for Chinese goods.

A downshift in the US would upend priorities for China, which has seized on a resurgent American economy post-pandemic to let domestic consumption take a back seat and instead leaned hard on external demand.

Now, however, a more adverse outlook for trade that smothers exports may force Beijing to look inwards for catalysts to unlock future growth.

"For China policymakers, their bottom line is to defend their growth target," said Larry Hu, head of China economics at Macquarie Group Ltd. "If China can no longer rely on export growth, they're going to switch back to domestic demand."

What Bloomberg Economics Says ...

"China's unexpected export slowdown in July suggests foreign trade — the recovery's key prop last quarter — may lend less support to 3Q GDP. The result is particularly concerning given the weakening outlook for the US economy, highlighted by the recent jump in American unemployment." Evidence has meanwhile mounted that the world's biggest economy is slowing, contributing to a global stock market selloff this week and prompting concern that the Federal Reserve might have kept interest rates too high for too long.

What happens next will depend in large part on how US consumers fare as the labor market slows and sentiment remains weak.

Worse may be yet to come. A weaker-than-expected payrolls report last week, rising unemployment and a deepening contraction in manufacturing all point to a shaky labor market.

The US now absorbs a smaller proportion of Chinese exports than it did at the start of Donald Trump's presidency in 2017, with its 13% share surpassed last year by the 27-member European Union as a whole. But more sluggish spending by American buyers would ripple across the globe, dragging down demand for Chinese products ranging from consumer electronics to apparel and machinery.

"On the back of a slowing US economy, threats of additional tariffs, and ongoing technological decoupling, China's export-driven growth strategy will be more difficult to achieve this year," said Kelvin Lam, a senior economist at Pantheon Macroeconomics.

Goldman Sachs Group Inc. economists now see a one-in-four chance of the US sliding into recession, raising the probability from 15%.

The fallout of a consumer pullback in the US could be especially painful for emerging markets, where China has been strengthening its foothold. Such spillovers would risk undermining the strategy promoted by President Xi Jinping's government to diversify trade by shipping more products to countries from Vietnam to Saudi Arabia.

'US Sneezes'

"When the US sneezes, emerging markets get a cold, if not pneumonia," said Alicia Garcia Herrero, chief Asia-Pacific economist at Natixis SA. "And China, as we speak, is more and more dependent on markets in the emerging world."

About 40% of China's exports go to emerging and developing economies, compared with 33% in 2017 prior to a trade war with the US, according to data from the International Monetary Fund analyzed by Bloomberg.

Another source of risk is that China's export share in the global manufacturing industry is on the rise and now exceeds 30%, according to Jing Sima, chief China investment strategist at BCA Research.

"This positions China as particularly vulnerable to a global manufacturing slowdown due to the interconnected nature of global trade," she said.

What's more, China's large investments in manufacturing, alongside subdued domestic demand, are putting downward pressure on prices and resulting in overcapacity in some sectors.

Under these conditions, external demand is left to pick up the slack. China's trade surplus soared to a record high in June, raising the risk of its partners stepping up efforts to shield their markets from Beijing. That figure narrowed in July.

Recognising the risks to external demand, officials in China have been highlighting the need to boost domestic consumption.

The ruling Communist Party last month pledged to make consumer spending a higher policy priority. And on Saturday, the government released a 20-step action plan to encourage more spending on services, though it offered little in the way of financial incentives to rev up domestic demand.

Investors will be closely watching. If the government is able to engineer more spending at home, the local currency could get a boost because stronger demand at home usually prompts Chinese exporters to convert more of their foreign proceeds.

"If we see better domestic demand, then most likely we'll see the renminbi strengthen and the China bond yield will also pick up," said Macquarie's Hu.

Source: economictimes.com– Aug 08, 2024

HOME

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USA: Shurley: Reviewing the Current Cotton Outlook

There's no doubt and everyone knows that cotton prices have been disastrous. Back in March and April prior to planting, price was in the 83 to 84 cents area. By peak planting time in May, we were 75 to 76 cents. Now we're at less than 70 cents, around 68 cents.

This price trend takes us below the cost of production for many growers. For irrigated production making 1,200 lbs per acre, the operating costs or cash costs or variable costs – whatever you want to call it – is 55 cents per lb. But this excludes land rent, it excludes interest and debt, and it excludes any payment to the farmer and farm family.

Land rent in this area can be $275 to $300 per acre or even more. At 1,200 lbs yield, this pushes operating costs up to around 70 cents per lb or more. And again, this still excludes debt and interest and owner-operator labor.

I have no doubt that many growers priced some portion of their expected crop back when it was in the 80s. But that amount priced then was probably not enough to average out above cost when combined with where we are now. If the market doesn't improve significantly, growers will, even more than usual, depend on good, above average yield to attempt any profit at all. The crop looks great, but weather events, as always, will play a role. That's why there was so much concern with the recent storm, Debby.

The present level of price is obviously very concerning. Everybody wants to know if, and when, prices will ever get back to the 80s. Well, I think recovering back to around 75 to 76 cents is possible. We've still got a long way to go, and I can draw up several scenarios that could take us there. Getting back to the 80s will be more difficult.

Prices now seem to be facing a lot of headwind. Specifically, four things:

- USDA's July crop production and supply/demand numbers increased the projected 2024 crop by 1 million bales.
- The crop is expected to get larger, but this all depends on revisions up or down in acres planted based on FSA certified acres, crop conditions going forward, and eventual acres actually harvested.
- USDA's August numbers will be the first for this crop based on farmer survey. A smaller crop could result if expected yield declines

and/or if acres to be harvested declines. The larger crop estimate currently is largely based on acreage abandonment being "normal."

- Until recently, demand concerns had already been pretty much taken into account by the market. In other words, prices we've been seeing take into account that demand has been weak and exports have been weak. But now, there are additional/new concerns about demand, expressed because of a) big declines in the stock market and a possible looming recession, and b) a poor jobs report. I think this fresh demand concern is what finally broke the camel's back and pushed us into the 60s.

The crop insurance coverage price is 82 cents. If a grower has revenue coverage – this policy covers revenue based on both yield and price – it may be a help depending on coverage election and actual yield.

At the current level of prices, there is now expected to be a PLC for seed cotton. But back in March when producers had to make an ARC/PLC election decision, prices were much higher, this decline was not expected, and no PLC was expected. For that reason, many growers opted out of ARC/PLC and instead enrolled in STAX.

STAX will likely pay. How much will depend on the final MYA price for the 2024 crop which encompasses more than the present decline. And it also depends on actual area yield.

The present cost-price problem in agriculture is beyond the farm bill unless the farm bill is going to be modified/restructured to address this. Farmers are in trouble. Extending the current farm bill again for another year does not address this. Likewise, tweaking the farm bill effective in 2025, unless it addresses the causes for the current crisis and offers workable solutions, does not help. Farmers need help now.

The loan rate for cotton for the 2024 crop is 52 cents. An LDP or MLG is available if the AWP falls below 52 cents. Based on current price differentials and cost and fiber quality adjustments, U.S. prices (nearby crop futures) need to drop below roughly 65 cents before an LPD or MLG would be triggered. This is further evidence that, in this case, the loan rate is too low to provide protection.

Unless you're going to purchase Call Options while prices are currently low, producers really have little choice but to be patient, hope that the bottom is in, and hope that price will eventually improve. It's risky for sure. But it makes little sense to sell when you know all you're doing is locking in a loss.

Moving forward, if the crop should come in smaller than currently expected and/or demand worries resolve, this could cause a much-needed rally in price.

Source: cottongrower.com– Aug 08, 2024

HOME

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Nigeria to revive textile industry, vice president tells ICAC mission

Nigeria plans to revive its textile industry to boost job creation, vice president Kashim Shettima recently told a visiting delegation from the International Cotton Advisory Committee (ICAC).

He assured the delegation about the government's conscious efforts to harness opportunities in the cotton value chain, including ensuring that the country regains its ICAC membership.

The delegation was led by ICAC executive director Eric Trachtenberg, who said ICAC would tap into the potential of Nigerians.

"You have low-cost labour, you have market access to AGOA, and to the economic partnership agreements with the European Union, you have a lot of really talented people and very forward-leaning government officials," he was quoted as saying by domestic media outlets.

At the meeting, comptroller general of the Nigerian Customs Service Adewale Adeniyi promised to tackle smuggling and support the revival of the textile industry.

Governor Babajide Sanwo-Olu of Lagos state, also a meeting participant, stressed on the need for Nigerians to patronise domestic cotton instead of imported ones.

Source: fibre2fashion.com– Aug 08, 2024

HOME

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Fashion on Edge: How COVID disrupted apparel pricing

The fashion industry, like many others, grappled with significant price fluctuations due to COVID-19. Many key factors have impacted these shifts. From rising raw material costs to inflationary pressures and change in consumer demand the reasons are many.

Factors driving prices fluctuations

Several factors are responsible for price fluctuations. One major factor is supply chain snags. Pre-pandemic, globalization led to a steady decline in apparel prices.

However, COVID-induced disruptions like factory shutdowns and port congestion caused a sharp rise in production and transportation costs. These increased production costs translated to higher prices for consumers. Meanwhile, the cost of cotton, a key raw material, has seen fluctuations due to various factors, impacting garment pricing.

With lockdowns and a focus on comfort wear and work-from-home culture, demand for formal attire dipped, and that of loungewear and activewear went up.

This shift in preferences impacted brands and they adjusted production accordingly, impacting prices in different categories. Inflationary pressure is another issue. Rising costs of everything from cotton to labor contributed to overall price increases across the industry.

Impact of price change

Frequent price changes affected retail sales across the board. Luxury brands initially saw a dip in sales as travel and events were curtailed. However, some saw an increase due to ‘trading down’ by high-income consumers unwilling to stomach massive price hikes. And some luxury labels even responded by lowering prices.

This premium segment saw price increases to maintain an image of quality while managing rising manufacturing costs. Strong product assortments with unique offerings held the key to customer loyalty and price acceptance.

For example, Abercrombie & Fitch's recent success exemplifies this strategy. Many brands focused on offering unique propositions to justify price increases. The value segment faced the biggest challenge. Value-conscious consumers were most reactive to price hikes, opting for cheaper alternatives or delaying purchases. Retailers like Gap needed to rely heavily on appealing product lines to justify price adjustments.

To deal with price fluctuations, brands and retailers are adopting various strategies. Many retailers are adopting a two-tiered approach – offering discounts on generic items while charging a premium for anything unique or with special features (e.g., sustainable materials, innovative design). Levi's exemplifies this by slashing prices on slow-moving styles while marking up trendier fits.

They are also creating exciting new trends in apparel encourages consumers to refresh their wardrobes, even at slightly higher price points. Abercrombie & Fitch's success with on-trend dresses is a prime example. And brands are emphasizing unique attributes like sustainable materials, circularity, or innovative features to justify price increases and build customer loyalty.

What lies ahead?

Volatility: Analysts predict continued volatility. While some relief came from lower logistical costs, rising fuel prices and geopolitical tensions may push costs up again.

Brands may resist cuts: Even with stagnant sales, some brands may be hesitant to lower prices. They might view the spending slowdown as a shift towards experiences (dining out, travel) rather than a reflection on clothing costs.

Consumer pain threshold: With rising debt and delinquencies across all age groups, consumers' patience for price hikes might be wearing thin. The recent decline in apparel price increases, despite overall inflation, suggests this might be happening already.

The apparel industry has gone through a roller-coster price changes due to the pandemic. While the future remains uncertain, one thing is clear: brands and retailers that adapt their pricing strategies, focus on product innovation, and build strong value propositions will be best positioned to thrive in this ever-changing landscape. As retail analysts explain, one needs to see what consumers are willing to spend on, and push it a little bit if business is good. But pushing too hard, as inflation continues to bite, might backfire. The question remains: when will shoppers finally push back on high prices?

Source: fashionatingworld.com– Aug 08, 2024

HOME

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Texhibition Istanbul to bring together 500 fabric companies

Turkey's premier event for the textile industry, Texhibition Istanbul will bring together 500 local manufacturers from fabric and textile accessory companies.

To be hosted by İTKİB Fuarcılık AŞ from Sep 11-13, 2024, the exhibition will be organised under the auspices of the Istanbul Textile Exporters' Association (ITHIB). It will attract over 25,000 qualified buyers from across the European Union, the UK, the US, North Africa, and the Middle East.

With a strong focus on sustainability and design, Texhibtion Istanbul highlights the expertise of participants in creating new collections and their capacity to export products. In addition to the wide array of products on display, the trade show will include seminars, workshops, and B2B programs, providing a comprehensive and enriching experience for attendees.

A special highlight of the event will be the Innovation Hub Trend Area featuring international creative and innovative projects from participating companies, technoparks, and innovation firms. This area will showcase wearable technologies and sustainable fashion, demonstrating the advanced capabilities of the Turkish textile industry in innovation.

Additionally, the event will feature the Blue-Black Texhibition, a special section dedicated to Turkey's robust denim sector. This section will present the best in product quality, design, and craftsmanship, underlining the expertise of Turkish manufacturers in the global denim market.

Source: fashionatingworld.com– Aug 08, 2024

HOME

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Where Does Bangladesh's 'Second Independence' Leave Its Garment Workers?

"Today is a glorious day for us," Nobel Peace Prize-winning economist Muhammad Yunus told reporters as he touched down at Hazrat Shahjalal International Airport in Dhaka on Thursday, ahead of his inauguration as the head of Bangladesh's interim government. "Bangladesh has created a new victory day. Bangladesh has got a second independence."

But the reality is more fragile for the beleaguered South Asian nation's 4.1 million garment workers, who together contribute nearly 85 percent of Bangladesh's $56 billion in annual exports. The country was already awash in chaos and uncertainty before former Prime Minister Sheikh Hasina's dramatic resignation and flight to India in the turbulent final hours of Monday. The curfews and communications blackout her government had imposed in the preceding weeks in response to student protests over quotas in government jobs spawned profound manufacturing, banking and logistical disruptions that only exacerbated existing supply chain headwinds, including the still-simmering Red Sea conflict.

The unrest has left its mark, according to the Metropolitan Chamber of Commerce and Industry, Dhaka and Policy Exchange Bangladesh, which revealed Thursday that the country's Purchasing Managers' Index dropped by 27 points in July—its first contraction since the benchmark was launched in January—signaling "significant" declines in new orders, exports and supplier deliveries that were already on a downward trajectory.

Last month, the Bangladesh Garment Manufacturers and Exporters Association, better known as the BGMEA, said that the industry was shedding $150 million a day at the height of the curfews, which kept factories shuttered for five days. And Munir Mashooqullah, founder of apparel supply chain firm M5 Groupe, expects 15-to-25-day delays in deliveries—a lifetime in retail—which could spell further trouble for future orders, though he noted that other sourcing countries have a smaller capacity than Bangladesh making it "hard to replace."

"Many concerned retailers continue to keep a close watch on Bangladesh," he said.

For garment workers, the issue is more acute. Most of them didn't receive their July wages on Wednesday, according to Scott Nova, executive director of the Worker Rights Consortium, a Washington, D.C.-based labor organization. Because of what amounts to chronically low pay—Bangladesh has a 62 percent gap between minimum and living wages, according to The Industry We Want, a multi-stakeholder initiative that tracks social and environmental progress—many already live hand to mouth, with little savings and fewer social protections to speak of.

"The two big questions are how soon will people get paid and will they be paid the full months' wages or will the factory owners dock their pay for the days the factories were shut down?" he said.

Miran Ali, vice president of the BGMEA and managing director of the Bitopi Group and Tarasima Apparels, said several days of bank closures—plus the fact that many are still struggling to come fully back online—have stymied factories' ability to make payments.

"We've been working primarily on reopening factories and we've accomplished that," Ali said. "From Sunday, which is our next working day, we will be starting to work on clearing the backlog of payments. This is not a problem of intentions and our trade union colleagues and our workers are well aware of the situation and we've asked them to be patient."

The IndustriALL Bangladesh Council, which is made up of affiliates of IndustriALL Global Union, which represents some 50 million workers in more than 140 countries, said it has engaged with both the BGMEA and the Bangladesh Knitwear Manufacturers and Exporters Association, or BKMEA, to demand that all workers receive their wages for the curfew period, ensure that no worker is fired or harassed due to the ongoing situation, and to respect and protect the safety and rights of all workers and their families. The council also urged the interim government to "restore human rights and equity for victims of state violence" by improving wages and workplace conditions.

"Workers and their families have been severely affected by the recent unrest, blockades, and curfew," A.M. Nazim Uddin, president of the IndustriALL Bangladesh Council, said in a statement. "Hundreds of thousands of precarious workers, including those in the garment, chemical, and shipbreaking industries, have lost their earnings in recent days. Commodity prices have also surged. We appeal to the government led by Dr. Yunus to restore and uphold human rights and to ensure the development of human-centered policies.”

The BGMEA, which is currently caught in a battle over its leadership, has said that buyer representatives have promised not to cancel orders or request discounts or chargebacks for falling behind schedule. H&M Group, Bangladesh’s largest buyer of apparel, told Sourcing Journal that it would not seek any price cuts due to delays under current circumstances, although it’s assessing the situation daily. A spokesperson for C&A said that delivery delays are expected, which the Belgium-headquartered retailer is managing “together with our supplier base.”

Other prominent buyers, including Gap Inc., Zara owner Inditex, Levi Strauss & Co., Calvin Klein and Tommy Hilfiger operator PVH Corp., The North Face parent VF Corp., Target and Walmart either declined or did not respond to requests for comment. The Business & Human Rights Resource Centre, an international nonprofit, said that it, too, has reached out to brands, but responses and its analysis of them won’t be available until the end of the month.

Shelly Han, executive vice president and chief of staff at the Fair Labor Association, a multi-stakeholder organization whose members include Adidas, Uniqlo owner Fast Retailing and Patagonia, said that it issued an alert last week asking brands to stay in close touch with their suppliers.

“One important reason for this is to make sure that workers are paid for the public holidays that were declared by the government of Bangladesh during the recent unrest,” she said. “Looking ahead, we encourage all companies sourcing from Bangladesh to continue to place orders and support the workers and the suppliers during this time of transition.”

Han also noted the lesser-known risk faced by Bangladeshi workers who participated in solidarity protests in countries such as Jordan and the United Arab Emirates. She said she recommends that members sourcing from those geographies check with their suppliers and “watch for potential negative repercussions.”

Fashion supply chains are “human-led, labor-intensive socio-economic systems,” said Hakan Karaosman, associate professor at Cardiff University, chief scientist at Fashion’s Responsible Supply Chain Hub and chair of the Union of Concerned Researchers in Fashion. Canceling orders, suspending payments or demanding discounts can leave suppliers financially vulnerable, creating financial and psychological pressures that cascade onto garment workers, he said.

“Let us remember that the fashion industry is characterized by power imbalance, and that fashion brands are financially powerful thanks to garment workers,” Karaosman said. “This crisis emerges as a pivotal moment to channel the responsible leadership we desperately need. It is time to put garment workers front and center. It is our moral duty to protect them.”

Nova agreed that brands should maintain existing payment schedules rather than paying suppliers later if orders take longer to arrive.

“Suppliers’ expectations in this regard will affect the decisions they make about wages, so it is important for brands to make clear to suppliers now that they will not penalize them,” he said.

Source: sourcingjournal.com– Aug 08, 2024

HOME

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Vietnam ministry proposes lower tax rate for micro, small enterprises

The Vietnamese finance ministry recently proposed reducing corporate income tax rate to 15-17 per cent for those with total revenue of not more than 50 billion VND ($1.99 million) instead of the flat rate of 20 per cent imposed now.

The aim is to create a more favourable tax regime for micro and small enterprises that account for nearly 94 per cent of the 900,000 businesses operating in the country now.

The tax cut, included in the draft Law on Corporate Income Tax (amended), is expected to be presented to the National Assembly for first review in October this year and for approval in May 2025, according to domestic media reports.

The ministry, meanwhile, is collecting feedback on the draft from government agencies and the public.

It said one of the drafting committee's key objectives was to create a more favourable tax regime for micro and small enterprises.

The draft law proposes a 15 per cent tax rate for businesses with total revenue not more than 3 billion VND, and a 17 per cent tax rate for those with total revenue higher than 3 billion VND and lower than 50 billion VND.

A section of the business community has expressed enthusiasm about the proposal, while expressing concern over some provisions in the draft posing policy risks.

Source: fibre2fashion.com– Aug 09, 2024

HOME

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Bangladesh: Almost all RMG factories reopen

Almost all garment and textile mills have reopened after staying in limbo for four days as fears of vandalism and arson gripped the nation, industry leaders said yesterday.

Several factories were vandalised and set ablaze since Sheikh Hasina handed in her resignation from the post of prime minister and fled the country on August 5 in the face of a mass uprising.

Top businesspeople and leaders of different business and trade bodies on Wednesday demanded the immediate restoration of law and order to ensure safety at their factories.

They added that production is being hampered as goods are not being transported from the port to factories at present due to the lack of security on major roads.

Garment factory owners and textile millers had no choice but to shutter their units under the threat of violence

Garment and textile mills were supposed to reopen on Wednesday but many decided to stay shut while others could not reopen, particularly in Ashulia, after rumours spread that they would be attacked.

However, almost all factories reopened yesterday, according to Khandoker Rafiqul Islam, acting president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He added that no untoward incident was reported afterwards, except for one in Ashulia. "But that was not a major incident," he said.

Similarly, Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said all member factories had reopened in Narayanganj and other areas.

"So, timely production and shipment can be expected if there is no further violence," Hatem added.

Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA), said some factory owners opened their units but not all of them. The others may take a bit more time to reopen, he said.

Garment factory owners and textile millers had no choice but to shutter their units under the threat of violence after Sheikh Hasina fled the country in the face of massive student and civilian protests.

The protests, which began in early July, had also caused a prior four-day shutdown. On that occasion, fears of violence were accompanied by a five-day internet blackout, dealing the sector a double blow.

Other than safety concerns, many garment owners also expressed worries as some have already missed the lead times set by international retailers and brands.

Many more may have to provide discounts or go for costly air shipments if they cannot maintain lead times due to the recent spells of disruption.

July, August and September are the peak months for the shipment of goods for Christmas. They are also the prime months when work orders are placed for the following summer and spring seasons.

Factory owners are seeking a return to normalcy in industrial belts, with an interim government being sworn in last night.

However, they could not exactly state how many industrial units fell prey to arson attacks in the latest spell of violence.

Source: thedailystar.net– Aug 09, 2024

HOME

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NATIONAL NEWS

Goyal expresses concern over Bangladesh, says BIMSTEC need to re-examine FTA talks

Expressing concern over the slow pace of talks for a trade agreement with the seven member countries of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) bloc, Commerce Minister Piyush Goyal on Wednesday said that there is a need to re-evaluate the approach to boost trade within the region.

The BIMSTEC bloc includes seven countries: Bangladesh, Bhutan, Nepal, India, Sri Lanka, Myanmar, and Thailand. The bloc has been negotiating a proposed Free Trade Agreement (FTA) since 2004, with 22 rounds of talks held so far including the last round that was held in 2018.

Speaking at the CII's BIMSTEC Business Summit 2024, Goyal said that India is deeply concerned about the evolving situation in Bangladesh. "We wish the people of Bangladesh well and convey our best wishes for a smooth transition," he said. Representatives from Bangladesh did not attend the summit amid violent protests in the country.

"I would like to raise a few fundamental issues about where we stand and what the possibilities are of making this FTA a reality… it could be the trade practices or current trade relationships that are preventing this FTA from taking place," the minister said.

"Six years have passed, and no further negotiations have been held. I think the business community of the countries and the governments will have to work together to find new pathways, new ways of engaging, and alternative solutions that are more practical to build up the momentum towards an FTA," he said.

He said that India considers the members of the bloc a "priority, as our first port of call, as we do hope that our friendly countries trust and look up to India as a friend and a trusted neighbor". He noted that 22 rounds of talks have been held for the agreement, raising the question of whether "we need to pause and re-evaluate the direction we are taking."

He also asked the business leaders of the seven countries to consider whether they need this agreement. The minister further suggested that member nations consider trade in local currencies to balance out trade imbalances.

“I would urge business leaders to give honest feedback on what you feel about the potential BIMSTEC FTA. Do you see merit in it? Do you see value in it?” he said.

Feedback from the business community would help political leaders make a decision on this.

“Maybe, we can begin with a PTA (preferential trade agreement) if not a full-blown FTA... But let’s examine the realistic possibility and move forward on a fast-track basis,” he said.

India’s total trade with BIMSTEC countries amounted to $44.32 billion in 2023-24. Thailand was India’s largest trading partner within the bloc, with exports worth $5.04 billion and imports at $9.91 billion, resulting in a trade gap of $4.87 billion. Bangladesh followed, with exports of $11.06 billion and imports of $1.84 billion, creating a trade balance of $9.22 billion in India’s favour.

Goyal added that trade between the BIMSTEC countries is still “small” and there is a long way to go to achieve its full potential. He called for strengthening regional integration and supply chains and ensuring trade on fair terms.

“We could look at payments in local currencies within this region,” he said, adding that areas where cooperation can be increased include better integration of custom borders, computerisation of border controls, and faster clearance of documents for imports and exports.

“A serious effort is needed to remove non-tariff barriers or trade barriers, and the adoption of international norms on trade facilitation, e-commerce, and connectivity,” the minister said.

Source: indianexpress.com– Aug 08, 2024

HOME

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TEA orients apparel MSMEs in Tiruppur on EU-stipulated carbon emission norms for sustaining export business

Against the backdrop of textile and apparel industries facing significant challenges in understanding and calculating greenhouse gas (GHG) emissions and setting appropriate reduction targets, the Tiruppur Exporters' Association (TEA) on Thursday organised a workshop on 'Carbon Emissions Monitoring and Effective Solutions', teaming up with Fairtrade India.

The objective of the event was to reduce the carbon footprint of the numerous MSME units in Tiruppur district, in tune with the global standards, in order to achieve the Paris Agreement's goal of limiting global warming to 1.5 degree centigrade.

The TEA, the workshop organisers said, will be shortly signing a Memorandum of Understanding with Fairtrade India for giving a push to control of carbon emission among MSMEs, by establishing a Sustainability Clinic.

The Sustainability Clinic, TEA executive member and chairman, Branding and Sustainability Sub-Committee, Anand, said, will be providing guidance and funding to 50 to 60 MSME units in Tiruppur to reduce carbon emission by incorporating sustainable practices through water recycling, green energy utilisation and other environment-friendly approaches, Mr. Anand said.

With a keenness to continue importing products from Tiruppur, the EU was, through Fairtrade India, equipping the MSMEs to become carbon neutral by the time the restrictions (on importing products without green tag) take effect, Mr. Anand explained.

Abhishek Jani, chief executive officer, Fairtrade India, joined experts in providing the participants detailed insights into GHG scope classification, calculation strategies, setting baselines, and fixing targets to reduce emissions effectively. About 250 exporters took part in the workshop.

Source: thehindu.com– Aug 08, 2024

HOME

****

Cotton spinning units worried over escalating situations in Bangladesh

Already grappling with sluggish global demand, the Indian cotton spinning industry is apprehensive about the fallout of the ongoing political turmoil in Bangladesh, the largest textile player after China.

Talking to FE on the recent developments, Ripple Patel, Managing Director, Fiotex Cotspin Private Limited, said, "The industry is worried about the uncertainty around the fate of the containers on the way to Bangladesh and the orders in the pipeline. After this development, the yarn industry will face tremendous heat as the spinning units are already making losses due to muted global demand because of the ongoing geo-political crisis in Europe and Middle East."

He said, "The payment delays because of the closure of banking and trading activities in Bangladesh will also have a negative toll on the industry.

It may be mentioned that in FY24, India exported raw cotton and cotton yarn worth $ 2.4 billion. India exported 34.9% of its total cotton export to Bangladesh, twice the export to China. Furthermore, India and Bangladesh did a bilateral trade of $11.1 billion in this financial year (with an import of $ 1.8 billion and a trade surplus of $ 9.22 billion).

Patel further said that since textiles is one of the biggest industries for Bangladesh, the next government too will go all out to protect its interests. " But the next two or three months may be troublesome for the Indian spinning industry. As of now, the orders that were supposed to be dispatched to Bangladesh will remain in limbo and the spinners will have a hard time finding new buyers.

As per sources in the industry, around 200 to 250 containers of cotton yarn are exported to Bangladesh in one month. The industry players are in talks with the ministries, embassy officials and the authorities at Chittagong

Source: financialexpress.com– Aug 06, 2024

HOME

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Bangladesh crisis: Why India’s textile industry can grow during Muhammed Yunus’ interim government

Indian yarn exports to Bangladesh could grow by 10% to 12% in the coming months, with Nobel laureate Muhammed Yunus forming an interim government on Thursday, say analysts.

Bangladesh's textile industry is a significant sector of its economy, accounting for 80% of its exports and 15% of its GDP. The country primarily exports textiles to the European Union, the United States, Canada, Australia, and Japan.

India has been a significant export partner, accounting for 20%-25% of the yarn that Bangladesh imports for manufacturing garments.

“We are currently in August. So maybe from September to November, around two to three months, our exports could rise maybe by lower double digits, around 10%-12%,” Deepak Jasani, Head of Retail Research, HDFC Securities, told LiveMint.

Bangladesh's situation benefits India's garment industry by making it the main alternative for countries importing from Bangladesh. However, the fate of India's yarn industry now depends on which party wins the elections in Bangladesh following the fall of Sheikh Hasina's government.
Hint of caution

“There is nothing to be too excited about. The only thing is that companies will get the advantage of operating leverage, and their margins will expand. But this would be temporary,” said Deepak Jasani, while mentioning that no major reforms would be taken during the interim government's tenure.

Jasani added that there continues to be a reason for worry, as uncertainties remain on how much exports would take place.

Against this backdrop, textile stocks, including Vardhman Textiles, Nitin Spinners, and Precot, experienced a decline ranging from 6.25% to 0.13% in intraday trading today.

The fate of these companies depends on whether India can divert its exports to some other countries, as Bangladesh has been a reliable trading neighbour for India under the Awami League, said the analyst.

Source: livemint.com– Aug 08, 2024

HOME

****

Indian Textile Manufacturing Hub Launches Solar Plant to Power Production

The textile manufacturing hub of Coimbatore, Tamil Nadu, India, has taken steps to improve its sustainable energy infrastructure with the installation of a new solar power plant.

Developed in partnership with Longi, a China-based maker of solar panels and power systems, along with engineering, procurement and construction firm Viridis Engineering, the plant features high-efficiency Hi-MO 5 solar modules that offer high power output, low degradation and high durability.

The project, which was carried out in two phases this year, has improved the area's power generation capacity, translating to a savings of more than $225,000 per year. The plant has a daily power generation of 6 units (or kilowatt hours) per day.

According to data from The Energy and Resources Institute, an India-based nonprofit research organization, energy usage accounts for 15 to 20 percent of total textile production cost in India. Reductions in energy bills for India-based textile makers could potentially lead to lower costs for brands further down the supply chain, as India holds a 4-percent share of the global trade in textiles and apparel, and accounted for $44 billion in exports between 2021 and 2022.

But cost savings wasn't the only impetus driving the Tamil Nadu region—which is home to more than 1,000 textile mills—to invest in solar power. As sustainability and transparency become more important to brands and consumers, reducing emissions and the reliance on fossil fuels has become a priority for many in the textile industry.

And according to the most recent data from the International Energy Agency, the majority of India's energy comes from fossil fuels, with coal accounting for 45 percent of the country's total energy supply. Wind and solar only accounts for slightly more than 2 percent of the country's power production.

But the Tamil Nadu state stands as a bit of an outlier when it comes to energy in India. Wind power has long been a part of Tamil Nadu's energy production, and more recently, solar power has become more of a priority.

According to reporting in The Hindu, the state has a total green energy capacity of 34,700 megawatts, accounting for more than 50 percent of its energy mix. Of that total, wind energy accounts for 10,500 megawatts while solar accounts for more than 7,300 megawatts.

Tamil Nadu has welcomed private companies in both the wind and solar sectors, such as Longi, to help expand its clean energy production.

Source: sourcingjournal.com– Aug 08, 2024

HOME

****

Indian companies in Bangladesh face revenue hit due to political turmoil

Indian companies operating in Bangladesh are bracing for a hit on their revenues in the second half of this current fiscal due to the ongoing political turmoil.

A number of players in the Fast-Moving Consumer Goods, personal care and automobile sectors that are operating in the region are facing difficulties in trying to mitigate business operations in the country.

For instance, Mumbai-headquartered Marico Ltd which has a subsidiary in Bangladesh, has suspended its manufacturing operations. The company is facing an impact on its retail and distribution network in the country.

'Gradually improving'

"The operating conditions in the market are gradually improving, however, we remain watchful of the evolving situation. We continue to prioritise the safety of our employees, factory workers, distributors and other stakeholders of our business.

After a brief interruption, a large majority of our retail sales force and distributors have now resumed operations. We expect our manufacturing operations to resume soon, while we continue to maintain an adequate assurance of supply of our products to meet market demand in the interim. We firmly believe that the medium-term prospects of Marico's business in Bangladesh remain intact," stated Marico in a stock exchange filing.

In the automobile segment, commercial vehicles are likely to experience a greater impact due to the disruption in operations.

"We are concerned about the Indian corporations operating in Bangladesh. Some of the notable names that come to mind are VIP, Emami, Marico, Dabur, Asian Paints, Pidilite, Tata Motors, and Hero MotoCorp, all of whom have significant operations there. This unrest will undoubtedly damage the country's brand value in the eyes of US and European manufacturers, who often give Bangladesh preference," said Vikram Kasat, Head - Advisory, PL Capital - Prabhudas Lilladher

“We are not impacted in the passenger vehicle sales as we do not have operations in Bangladesh but any company present in the country will see short-term disruption,” said Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicle and Tata Passenger Electric Mobility Ltd.

Sectoral gains

However, the Indian textile industry will gain business opportunities due to the protest.

“The garments and textile sector in India may gain an advantage, companies with excess capacity and the ability to quickly adapt to new orders could benefit. It is essential to adopt a cautious approach and closely monitor the situation in Bangladesh to assess the potential impact on the Indian textile industry,” added Vikram Kasat.

Source: thehindubusinessline.com– Aug 07, 2024

HOME

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India's Maharashtra cabinet clears state's logistics policy

Two global mega logistics hubs in the Navi Mumbai-Pune area and near Nagpur, and five state logistics hubs in Chhatrapati Sambhaji Nagar-Jalna, Thane-Bhiwandi, Ratnagiri-Sindhudurg, Pune-Purandar and Palghar-Vadhavan are being planned under the Maharashtra Logistics Policy 2024, which was approved yesterday by the Indian state's cabinet.

The policy aims at generating revenues worth around ₹30,573 crore ($3.64 million) over the next five years.

The policy, formulated based on recommendations from the state's economic advisory council, focuses on reducing logistics costs by 4-5 per cent from the current 14-15 per cent, minimising logistics time, implementing green initiatives to reduce carbon emissions and utilising technologies like blockchain, artificial intelligence and intelligent logistics management systems.

It also aims at promoting green logistics parks, sustainable designs and modal shifts, while attracting domestic and foreign investment to establish Maharashtra as a global logistics hub.

It foresees a substantial growth in the sector over the next decade and is expected to create nearly 5,00,000 jobs, according to media reports from the state.

A ₹1,500-crore global mega logistics hub will be developed on 2,000 acres in the Navi Mumbai-Pune area, adjacent to the new international airport in Panvel. This will connect with industrial estates like Taloja, Patalganga, Rasayani, Khopoli, Mahad, Roha, Chakan and Talegaon.

The ₹1,500-crore Nagpur-Wardha national mega logistics hub will be set up across 1,500 acres, linked to the Balasaheb Thackeray Maharashtra Samruddhi Mahamarg.

A provision of ₹2,500 crore has been made for the five other logistics hubs in the state.

Regional hubs will be developed on 300 acres each in Nanded-Deglur, Amravati-Badnera, Kolhapur-Ichalkaranji, Nashik-Sinnar and Dhule-Shirpur. These hubs will receive a total of ₹1,500 crore.

Multi-purpose logistics parks will be set up in urban areas like Thane, Mumbai and Pune.

Micro, small and medium enterprises within and outside logistics parks will receive various incentives, including interest subsidies, stamp duty concessions, technology improvement assistance and industrial-rate electricity.

The Maharashtra Maritime Board, the Jawaharlal Nehru Port Authority, the Mumbai Port Trust, the State Road Development Corporation and the Maharashtra Airport Development Company had a role to play in the formulation of the policy.

Source: fibre2fashion.com– Aug 07, 2024

HOME

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Velumani: Help Tirupur textile units grow

Coimbatore: Former AIADMK minister S P Velumani has urged the state and central govts to help the textile units in Tirupur grow.

Speaking to reporters after flagging off relief materials collected by AIADMK cadre from Coimbatore to Wayanad on Wednesday, he said garment units in Tirupur are chalking expansion plans in other states as they consider further expansion in Tamil Nadu was infeasible due to high production cost.

Since the Bangladesh crisis has affected the textile sector there, the state and central govts should take immediate measures to help Tirupur manufacturers grow. The state govt should offer interest-free loans to ensure that the garment manufactures in Tirupur do not leave Tamil Nadu, Velumani said.

Velumani said the previous AIADMK regime brought multiple infrastructure projects to Coimbatore, but the DMK was not even laying proper roads. “The Avinashi–Athikadavu scheme should be commenced immediately,” he said.

Earlier, he held a meeting with AIADMK workers at the party office. Velumani said they discussed about reasons for the party’s defeat in the Lok Sabha elections and strategies to be adopted for winning 2026 asembly polls. “We will win the 2026 polls for sure,” he said.

Source: timesofindia.com– Aug 08, 2024

HOME

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