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USD	EUR	GBP	JPY
83.96	92.75	109.97	0.59

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INTERNATIONAL NEWS

September Set for 14% Import Bump as US Ports Prep for East Coast Strike

The possible port strike at the East and Gulf Coast ports on Oct. 1 seems to be a major culprit for a flood of imports into the U.S. throughout the summer.

U.S. ports handled 2.32 million 20-foot equivalent units (TEUs) of inbound cargo volume in July, a 21 percent jump on the year, and a record import total for the month, according to the monthly Global Port Tracker from the National Retail Federation (NRF) and maritime trade consultancy Hackett Associates.

August's projected totals are supposed to surpass the month prior at 2.37 million TEUs, signaling even more hurry to get product in ahead of the Sept. 30 contract expiration. Imports that month would increase 20.9 percent year-over-year, reaching the highest level since the all-time imports record of 2.4 million TEUs set in May 2022.

September is forecast at 2.31 million TEUs, up 14 percent year over year.

"Import levels are being impacted by concerns about the potential East and Gulf Coast port strike," Hackett Associates founder Ben Hackett said in a statement. "This has caused some cargo owners to bring forward shipments, bumping up June-through-September imports. In addition, some importers are weighing the decision to bring forward some goods, particularly from China, that could be impacted by rising tariffs following the election."

Even accounting for a possible work stoppage, the Global Port Tracker still projects October imports to come in at 2.08 million TEUs, inching up 1.3 percent.

If projections hold up, 2024 will have seen a seven-month stretch of import levels at or above 2 million TEU, the longest since a 19-month stretch through September 2022.

Jonathan Gold, vice president for supply chain and customs policy at NRF, said "we need every port in the country working at full capacity" as retailers prepare for the holiday season.

"Many retailers have brought cargo in early and shifted to alternate ports as a precaution, but it is vital that labor and management at the East Coast and Gulf Coast ports actually sit down at the negotiating table and bargain in good faith for a new contract so we can avoid a disruption of any kind when their contract expires," Gold said. "A strike would be another blow to the supply chain as it continues to face challenges, and to the nation's economy at a time when inflation is finally coming down and the Fed is poised to lower interest rates."

Concerns about a strike at the 36 ports from Maine to Texas escalated last week when the International Longshoremen's Association (ILA) concluded its two-day wage scale meetings and laid out a strike mobilization plan that would be enacted if the union didn't agree to a new master contract.

In a video shared publicly and during the meetings, ILA executive vice president said both parties were still "very far apart" on a deal. The union said in a statement Thursday that there is unanimous support to call for a strike.

The union's employers, the U.S. Maritime Alliance (USMX), said in their own post in response that it hopes the ILA will reopen dialogue and share current contract demands so "we can work together on a new deal."

Although the USMX insisted that its retaining existing language from the current contract related to automation into the new deal, and providing "industry leading" wage increases, the maritime employers have not been able to get the ILA to sit down for a meeting since master contract talks were called off in June.

The union is reportedly demanding a 77 percent pay increase as part of a six-year deal.

Last week, the NRF renewed its call for both sides to come to an agreement before the contract expires, with president and CEO Matthew Shay saying a disruption "would significantly impact retailers, consumers and the economy."

Maersk, a USMX member, said in a Tuesday advisory that it is ready to assist customers explore options to keep their supply chains moving "best as possible" via alternate routes, modalities or distribution schedules in the event of disruptions.

The holiday months will see less pronounced inbound cargo volume growth. In November, imports will increase up 1.6 percent to 1.92 million TEUs, while December TEUs inched up 0.9 percent.

That would bring 2024's import totals to 24.98 million TEUs, up 12.3 percent from 2023. The first half of 2024 totaled 12.1 million TEU, up 14.8 percent over the same period last year.

Although the import numbers represent a big leap over the year prior, sales are not projected to escalate at similar levels. The NRF is forecasting that 2024 retail sales—excluding automobile dealers, gasoline stations and restaurants to focus on core retail—will grow between 2.5 percent and 3.5 percent over 2023.

Source: sourcingjournal.com– Sep 10, 2024

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Trade, Immigration, Fiscal Policy: Debate Issues For Trump, Harris

Trade, immigration, and fiscal policies are key areas of concern in the upcoming U.S. presidential election, but possible election sweeps in the Senate and House of Representatives are a concern too.

For trade policy, yes to raising tariffs—in particular imports from China and autos from Mexico and the E.U.—if former President Donald Trump wins re-election, but no to tariff increases should Vice President Kamala Harris win the White House, according to predictions from the Goldman Sachs economics team.

The Goldman economists said it is difficult to predict what trade policy might look like under a second Trump administration. Tariffs are expected to increase, but probably rise less than he has proposed. Support for tariffs appears mostly limited to imports from China. And while a president has more authority over areas such as trade and immigration, congressional control could still play a role, depending on whether there's a one-party sweep or a divided government.

As for immigration policy, the economists concluded that a Harris win would see net immigration slow to 1.5 million per year. In contrast, a Trump win—he's already promised domestic deportation—with a divided government could see net immigration fall to 1.25 million. If Republicans sweep, Congress could see increased enforcement, and that could drop net immigration to 750,000.

As for the labor force, a Harris win could see labor growth at about 10,000 per month higher than if Trump wins on the back of immigration, presuming he wins with a divided government. But that number could rise higher to 30,000 if Trump wins in a Republican sweep, given plans for a significant pullback.

And for fiscal policy, a Democratic sweep would likely see personal and corporate taxes—as well as benefit spending—rise. In contrast, the expectation is little change in a Republican sweep. Goldman economists concluded that divided government scenarios could result in modest net increases in tax receipts, mostly because Congress "would likely allow the upper-income portion of the 2017 tax cuts to expire, but little change to benefit programs."

A Harris win with a divided government is expected to see little impact from the effects of policy changes. But a Democratic sweep would likely give a slight boost to GDP growth over 2025 to 2026. In contrast, the impact from tariffs and a tighter immigration policy would likely hurt GDP growth in the back half of 2025, whether Trump wins with either a Republican sweep or a divided government.

So what does all that mean for fashion companies and retailers? A Trump win would see quick escalation on tariffs, raising the PCE (personal consumption expenditures) inflation likely three-fold. That move across a range of consumer expenses would also reflect changes in consumer behavior.

The economists said the "costs of future tariffs would fall 15 percent on foreign exporters, 15 percent on U.S. wholesalers or retailers, and 70 percent on U.S. consumers." Domestic producers subject to tariffs would raise their own prices, while the increase in the cost of imported intermediate inputs—raw materials, semi-finished goods, and other pieces or services used in the production process—would see 70 percent of that rise be passed through to consumers in the form of higher prices. Retail trade groups oppose broad-based tariffs, noting that the pass along price increases are essentially a further tax on American consumers.

And regardless of party control, tax cuts enacted in 2017—including business tax incentives that are being phased out—are expected to be a key fiscal issue in 2025 as they expire at the end of next year. The economists expect that a 25-percent corporate tax rate is more likely than 28 percent.

They also think that Democrats could temporarily extend or reinstate some business investment policies enacted in 2017, although probably not at the same generous rate.

Since Harris hasn't disclosed her plan for the expiring tax cuts, the expectation is that she might discuss it at the debate with Trump Tuesday night in Philadelphia, the first time the two will meet in person. And while Trump has said he will extend the tax cuts—and has indicated plans to end taxation of Social Security benefits and cut the corporate tax rate to 15 percent for firms that make the products in the U.S.—the Goldman economists said the latter proposals are unlikely to pass.

TD Cowen Washington Research Group strategist Chris Krueger noted that Harris did unveil two tax policies: one is to raise the top rate for capital gains to 33 percent from 23.8 percent, and expand small business tax credit from $5,000 to $50,000. As for Trump's plan for a 15-percent tax rate for companies making goods in America, Krueger said: "We have no idea how this 15 percent would be enforced, structured, or even pass into law."

Krueger said that if Harris wins, a Democratic Senate majority would be "tough, but not impossible," and could depend on the races in Texas and Florida. He expects that if Trump wins, the Senate will be "very likely GOP given Electoral College geographic overlap."

"Should Trump win in a GOP sweep [of the House and Senate], we suspect he would read that as a MAGA (Make America Great Again) mandate for his America First policies. Unlike the first Trump Cabinet, we expect potential second term to be all gas, no brake," he concluded.

Krueger's colleague Jaret Seilberg, a managing director at the research group, believes that Trump would ease regulations, while Harris would double down on regulations, but she's also "less likely to use tariffs or disrupt global trade."

"We also believe divided government is key as a GOP Senate would limit whom Harris could confirm as regulators and a Democratic House would limit how Trump could adjust the tax code," Seilberg concluded.

The current prediction forecasts for a Trump win would see a 32-percent probability of a Republican sweep. The chance of a divided government is far lower, at just 17 percent. A Harris win is expected in the context of a divided government, at 30 percent, rather than a Democratic sweep, at 21 percent.

Source: sourcingjournal.com– Sep 10, 2024

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Why Fixing Reverse Logistics is Critical for Fashion Circularity

If the fashion industry wants to tackle circularity, it must first grapple with its reverse logistics problem.

Freight is designed to traverse in one direction, wending its way through a labyrinthine but well-trafficked system of ships, planes, trains and trucks to haul goods from suppliers to warehouses to stores to someone's front porch. Moving things in the other direction, say in the case of customer returns, is already a painful upstream challenge because it doesn't come intuitively. Doing anything else has been positively Herculanean.

But not, as a new report from Global Fashion Agenda and Maersk proposes, impossible. The Danish sustainability think tank and cargo juggernaut say that integrating what is currently a fragmented landscape of solutions is nothing short of imperative if brands and retailers wish to squeeze the most value out of the products they put out into the world and fend off the deluge of upcoming legislation involving eco-design and extended producer responsibility.

In an improved reverse logistics workflow, no usable product would go to waste (read: head to the landfill) but be recaptured for resale, repair, remaking or recycling. This isn't something only tree-huggers should be clamoring for: The Ellen MacArthur Foundation estimates that changing over to a circular system can help fashion unlock a $560 billion economic opportunity.

And in a survey that Global Fashion Agenda and the United Nations Environment Programme conducted earlier this year, 45 percent of brands and retailers said they plan to derive at least 10 percent of their revenue from circular business models by 2040. In other words, thriving businesses and a thriving planet don't have to be mutually exclusive propositions, said Federica Marchionni, Global Fashion Agenda's CEO.

"In the end, there is no other way; you have to do it," she said.

Still, doing it is easier said than done. For one thing, there is a distinct lack of coordination among the multiple stakeholders that choreograph different parts of the supply chain, from manufacturers to retailers to recyclers to technology providers to regulatory bodies. Spawning

pathways where they didn't exist before will be resource-intensive and costly, if not without its rewards, since many apparel purveyors have set ambitious sustainability targets that can be a struggle to meet.

"We know that roughly 80 percent of the average emissions when producing a garment occur in the production phase," said Kaisa Tikk, senior global sustainability advisor at Maersk. "That means if you really want to reduce your overall impacts, the longer you can keep the item in circulation, then that can be one direct measure to address your environmental footprint." The report boils down what needs to happen next to three "essentials": an effective network design that can keep previously squandered resources in a closed loop, clear financial business models that demonstrate the viability of a rejiggered system, and a way to consolidate collection volumes to allow economies of scale.

If that sounds simple enough—in theory, if not in practice—then that's completely on purpose. Making the task ahead more digestible and less daunting is a necessity when the global circularity rate, as measured by the Circle Economy Foundation, has fallen from 9.1 percent in 2018 to 7.2 percent in 2023, Marchionni said. Clothing production is also projected to triple to some 160 million metric tons in 2050.

If not now, then when? At a minimum, she hopes that the report will at least spark some interest among supply chain actors to start engaging in the issue. Besides Maersk, the Ellen MacArthur Foundation, the Circle Economy Foundation, H&M Group, Nike, Puma and The North Face parent VF Corp. contributed their insights. Tikk sees enhancements in reverse logistics coalescing, if slowly. Maersk, too, is plotting a few pilots of its own. She said that she can draw parallels between this and nascent discussions about supply chain decarbonization a few years ago. It has only been through pre-competitive collaboration, nudged along by policy and what she describes as a "solid business case," that efforts are beginning to bear fruit.

"It came from the same starting point: Companies had the goals and ambitions [but] there were no concrete plans for how to address this yet," Tikk said. "I would expect something similar to happen in the circularity space. I guess we are just in the beginning of that."

Source: sourcingjournal.com– Sep 10, 2024

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Southeast Asia's local industries struggle with influx of Chinese imports

In Southeast Asia, a flood of inexpensive Chinese imports is overwhelming local industries, causing widespread devastation and unemployment.

In Thailand's northern Lampang province, half of the ceramics factories have shut down. Similarly, Indonesia has seen thousands of textile workers lose their jobs, and manufacturers in Malaysia claim that the government's modest 10 per cent tax on e-commerce has done little to protect them from the influx of imports, according to a report by South China Morning Post (SCMP).

For Meelarp Tangsuwana, who established his ceramics factory 35 years ago, the situation is dire. His company, like many in Lampang, creates hand-painted soup bowls, which are carefully crafted and sold for 18 baht each to food stalls across Thailand and beyond. In contrast, Chinese competitors are flooding the market with similar bowls — without the artistic touch — priced at just 8 baht.

He expressed his confusion about how such drastic cost reductions are achievable. Meelarp's frustration reflects a broader sentiment in the region, where producers of textiles, cosmetics, electronics, and kitchenware struggle to compete with Chinese manufacturers. The latter's advanced automation and aggressive market expansion strategies are significantly altering the competitive environment, SCMP reported.

Challenges for Southeast Asia's manufacturers

The report quoted Muhammad Zulfikar Rakhmat, head of the China-Indonesia desk at the Jakarta-based Centre of Economic and Law Studies think tank, as saying that as Western markets become more restrictive for Chinese goods, Southeast Asia is increasingly emerging as a key destination for Chinese exports.

The surge in Chinese goods is supported by the vast ecommerce market, along with newly constructed railways and improved ports that enhance logistical efficiency. Additionally, a complex network of free trade agreements, including the ASEAN Free Trade Area and the Regional Comprehensive Economic Partnership, facilitates the entry of Chinese products into local markets, the report said.

According to Yeah Kim Leng, an economics professor at Sunway University in Malaysia, Chinese manufacturers are adept at leveraging economies of scale and meeting the demand for consumer products on e-commerce platforms, SCMP reported.

Measures to combat the influx of cheap imports

However, this offers little reassurance to Meelarp, who is deeply concerned about the future of Thai ceramics and numerous other small and medium-sized businesses.

Without decisive intervention from the Thai government — such as implementing tariffs, restricting the influx of unsold Chinese products, and addressing illegal operations — these artisans could face an uncertain future.

It is now the government’s responsibility to safeguard our craft and us, Meelarp said, reflecting the shared concerns of many Southeast Asian craftsmen.

Facing a surge in business closures, Thailand’s new government is adopting a stricter approach following years of nurturing its relationship with its primary trading partner through mutual market access, logistics investments, and visa-free agreements.

Chinese companies have breathed new life into segments of Thailand’s sluggish economy since the pandemic. However, experts caution that, like many other Association of Southeast Asian Nations (ASEAN) members, Thailand now faces the challenge of balancing the protection of local businesses with compliance to trade agreements it has willingly entered into, SCMP reported.

Crackdown on low-cost imports

Last week, Thailand’s Commerce Minister Pichai Naripthaphan committed to addressing the issue of illegal imports and supporting local businesses that are struggling against a wave of low-priced competition.

Ecommerce giants such as Temu are being scrutinised for their role in saturating the market with inexpensive goods and may soon face requirements to register locally and endure increased tax rates.

Last month, former Prime Minister Thaksin Shinawatra, whose daughter Paetongtharn now heads the government, advocated for "modest protectionist measures" to address the influx of inexpensive Chinese products. For many Thais grappling with financial difficulties, these steps appear to be long overdue. The country's small and medium enterprises, operating with minimal profit margins, are particularly feeling the strain, the report said.

Source: business-standard.com– Sep 10, 2024

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More Chinese investment likely in Egyptian textile sector: CCCT

Egypt would see the flow of a large number of Chinese investors in the textile and apparel sector in the near future, according to the chairman of China Chamber of Commerce for Import and Export of Textile and Apparel (CCCT).

That is because Chinese investors find the Egyptian market attractive, with easy procedures, competitive labour and modernisation of infrastructure over the past decade, he said.

The chamber chairman pointed out that China had been switching plans from nearshoring plants to countries like Vietnam and Myanmar to relocating to other countries like Egypt that are close to main markets.

Chief executive officer of Egypt's General Authority for Investment and Free Zones (GAFI) Hossam Heiba recently received a CCCT delegation.

The delegation's visit followed the Egyptian prime minister's attendance of the Forum on China–Africa Cooperation in Beijing last week.

Heiba said 2,000 Chinese firms now operate in Egypt, contributing to technology transfer, creation of thousands of jobs and bolstering of foreign currency inflow.

Heiba highlighted the approval of requests submitted by Chinese investors to procure lands in New Alamain and New Menya earlier this year, according to domestic media reports.

Egypt aims at attracting Chinese investments in tourism, textiles, home appliance, renewable energy, and automotives, particularly electric vehicles, he added.

Source: fibre2fashion.com– Sep 11, 2024

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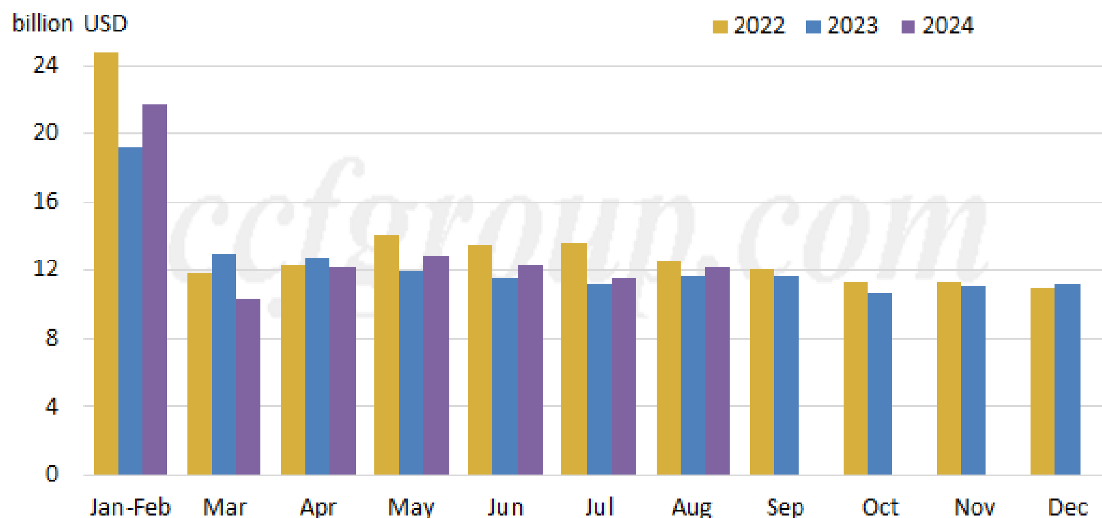
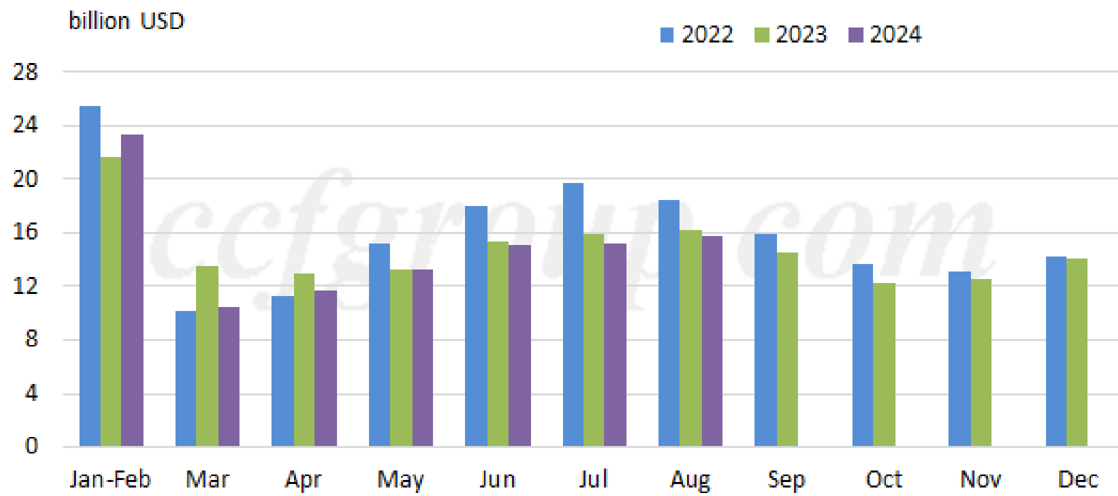
China textile & apparel export in Aug 2024

According to China Customs, exports of textiles and apparels amounted to US$27.95 billion in Aug 2024, up 0.32% y-o-y. Among these, textile export value totaled about US$12.22 billion, up by 4.49% y-o-y, and apparel export value reached US$15.73 billion, decreasing by 2.70% from last year.

In Jan-Aug 2024, exports of textile and apparel amounted to US$197.77 billion, up 1.11% y-o-y. Among these, textile export value totaled about US$93.07 billion, up 3.54% y-o-y, and apparel export value totaled US$104.71 billion, down 0.96% y-o-y. The exports of textiles and apparels amounted to US$195.61 billion in Jan-Aug, 2023.

(unit: million dollars)	Aug, 2024	Aug, 2023	Y-o-y change	Jan-Aug, 2024	Jan-Aug, 2023	Y-o-y change
Textile	12,218.80	11,693.50	4.49%	93,068.50	89,886.00	3.54%
Apparel	15,731.60	16,168.20	-2.70%	104,705.70	105,723.20	-0.96%





Source: ccfgroup.com– Sep 11, 2024

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Price tag, a silent communicator in the fashion world

In the ever-evolving landscape of fashion, price transcends its basic function of monetary exchange. It acts as a powerful tool, silently communicating a brand's positioning, quality perception, and target audience.

Price as a positioning tool

Price is a cornerstone of brand positioning. The price tag on a garment speaks volumes before a customer even tries it on. A study by Journal of Business Research found consumers often use price as a heuristic (mental shortcut) to evaluate product quality. No wonder, luxury brands, such as Chanel and Gucci, employ exorbitant price points to cultivate an aura of exclusivity and opulence. Their pricing strategy reinforces their status as coveted symbols of wealth and taste. “We price our products to reflect the quality of materials, the intricate handwork, and the heritage of the brand,” says a spokesperson for Valentino At the other end of the spectrum, value brands like H&M and Zara focus on affordable fashion, targeting a broader consumer base seeking stylish yet budget-friendly options.

Premium brands, like Michael Kors and Ralph Lauren, occupy the middle ground. They balance quality, design, and price to appeal to a discerning clientele. Their pricing strategy often involves offering slightly elevated prices to justify the perceived higher value proposition.

Price parity in the lifestyle sector

Historically, fashion and apparel prices have maintained certain parity with other lifestyle products. As consumer incomes rose, so did spending across various categories. However, recent trends suggest a shift in this dynamic. The rise of fast fashion has compressed price points in apparel, while other sectors like electronics and luxury goods continue to witness upward price trajectories.

This disparity has implications for consumer behavior. As fashion becomes more accessible, consumers may be willing to spend more on other lifestyle products, such as premium electronics or experiences. This shift in spending priorities challenges fashion brands to innovate and offer unique value propositions to retain market share.

Playing the price game, luxury vs. premium vs. value

Luxury brands maintain high prices with limited production runs and an emphasis on premium materials and craftsmanship. “It’s not just about the product; it’s about the experience,” says Milton Pedraza, CEO of The NPD Group, a market research firm in a Forbe interview. Think limited-edition bags or hand-stitched blazers – these items come with a hefty price tag that reflects their exclusivity and perceived higher value.

Positioned between luxury and value, premium brands offer a balance of quality and price. “We use high-quality materials and construction techniques, but we don't have the same overhead costs as luxury brands,” explains Sarah Brook, Founder of a premium clothing line. This allows them to offer well-made pieces at a more accessible price point.

The value segment focuses on affordability and trend-driven designs. Fast-fashion brands prioritize low production costs and high volume to keep prices low. “Our target customer is looking for the latest trends at a price they can afford,” says a spokesperson for Forever 21. While this keeps clothing accessible, it often raises concerns about quality and sustainability.

Is price parity across lifestyles?

The pricing strategy for fashion doesn't always mirror other lifestyle products. For instance, a high-end smartphone might cost more than a designer dress, reflecting the technological advancements within the phone. Similarly, a luxury car might justify its price due to the complex engineering involved. Fashion, however, often incorporates a significant "brand premium" into the price tag, which isn't necessarily tied to the cost of materials or production.

COVID's impact on fashion pricing

The COVID-19 pandemic was a seismic event that disrupted the fashion industry in unprecedented ways. Supply chain disruptions, economic uncertainty, and changing consumer behavior forced brands to re-evaluate their pricing strategies.

Initially, many brands resorted to discounting to clear excess inventory and stimulate demand. However, as the global economy began to recover, there was a gradual shift towards price increases to offset rising production costs and inflationary pressures. Interestingly, the pandemic

accelerated the growth of direct-to-consumer (DTC) models, allowing brands to have greater control over pricing. By eliminating intermediaries, DTC brands could offer products at competitive prices while maintaining profit margins.

Consumer behavior and price sensitivity

Consumer behavior towards price is complex and multifaceted. While some consumers are driven by price, others prioritize quality, brand reputation, and emotional connections. The rise of value-conscious consumers has led to increased price sensitivity, especially in economically challenging times. However, the willingness to pay a premium for unique or exclusive products remains strong. Luxury brands continue to thrive by catering to this segment of the market. Moreover, consumer behavior varies across different demographics. Younger consumers, for instance, are often more price-sensitive and open to exploring affordable fashion brands. In contrast, older consumers may be willing to pay a premium for comfort, quality, and established brands.

Regional variations

Pricing strategies vary significantly across different regions. Western markets, particularly the US and Europe, have historically been characterized by higher price points for fashion and apparel. This reflects factors such as higher labor costs, stronger currencies, and a more affluent consumer base. In contrast, Eastern markets, such as China and India, offer opportunities for lower production costs and a growing middle class. This has led to the emergence of strong domestic fashion brands that can compete on price while delivering quality products. However, the lines between these regions are blurring. Globalization and increased consumer access to international brands are driving price convergence. Additionally, the rise of e-commerce has made it easier for consumers to compare prices across different markets, putting pressure on brands to align their pricing strategies.

As the fashion industry transforms, driven by technological advancements, changing consumer preferences, and sustainability concerns, these factors will shape the future of pricing trends. Data analytics will also play a crucial role in optimizing pricing strategies. By analyzing consumer behavior, market trends, and competitor pricing, brands can make data-driven decisions to maximize revenue and profitability.

Personalization will become increasingly important. As consumers demand tailored experiences, brands will need to offer customized pricing options based on individual preferences and purchase history. Sustainability is another key trend. Consumers are becoming more conscious of the environmental impact of fashion, and they are willing to pay a premium for sustainable products. This presents an opportunity for brands to differentiate themselves through eco-friendly offerings and premium pricing.

Price therefore is a multifaceted tool that can make or break a fashion brand. By understanding the nuances of consumer behavior, market dynamics, and competitive landscape, brands can develop effective pricing strategies to achieve their business objectives. As the fashion industry continues to evolve, the ability to adapt to changing trends and leverage data will be essential for success.

Source: fashionatingworld.com– Sep 10, 2024

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Bangladesh seeks $3b from ADB, WB

Bangladesh could get $3 billion in budgetary support under an Asian Development Bank (ADB) and World Bank (WB) arrangement for energy and power sector reforms and the upcoming status graduation from a least developed country (LDC) to a developing nation in 2026.

Last Thursday, the finance ministry sent a letter to the ADB seeking $1 billion in budgetary support for the energy and power sector.

Besides, an ADB mission has been holding talks with the government since September 3 over lending another $1 billion as LDC graduation-related support.

Of the amount, the ADB will provide $400 million. The remaining $600 million is expected to come from the Asian Infrastructure Investment Bank (AIIB) and Japan International Cooperation Agency (JICA) under an ADB arrangement.

In line with its bid to get budgetary support, the finance ministry on Sunday sought another $1 billion from the WB to bring about reforms in the energy and power sector.

Meanwhile, an International Monetary Fund (IMF) staff mission will arrive in Dhaka on September 24 to hold talks over lending another $3 billion in addition to the $4.7 billion it lent to the country in January last year.

All in all, the interim government, which took charge last month following the toppling of the Sheikh Hasina-led Awami League government on August 5, is seeking an additional $6 billion.

The interim government wants to bolster foreign exchange reserves, which have been falling for over two years, bring back stability to the exchange rate and restore confidence in the economy, which has been facing one of the most challenging situations in decades.

In the letter sent to ADB, budgetary support was sought for bringing about reforms in sustainable power and energy, according to a finance ministry official.

Focus points mentioned in the letter include improving sectoral governance, developing conducive policies and regulatory frameworks, improving financial viability and sectoral sustainability, attracting private investment, and preparing and formulating renewable energy procurement plans, the official said.

It also includes preparations for technical studies and pilot projects on smart grid energy storage and demands, the official added.

The letter added that the government's expenditure on importing energy and power increased significantly. Besides, due to a decline in domestic natural gas production, more primary fuel needs to be imported, it said.

In this context, the interim government has formed a committee to review the existing power generation practices and procurement process. The finance ministry official said they requested $1 billion for the energy and power sector from the ADB in two tranches of $500 million each.

Government officials said the ADB suggested bringing about reforms in the revenue sector, budgeting, fiscal policy, procurement, logistics, and various other sectors to get the country status graduation-related budgetary support.

Officials said Bangladesh would lose different benefits, including concessional loans and tariff benefits, once it graduates from LDC status. However, graduation will create other opportunities. To utilise those opportunities, Bangladesh must remove obstacles to smooth business activities and take steps to attract more foreign direct investment (FDI), they said.

Bangladesh must implement various reform programmes under the ADB-arranged loan so that the country does not have to face challenges following graduation from LDC status, they added.

Officials said a WB mission was expected to visit Dhaka in the second half of this month to discuss the power and energy sector reform programme. "We are hopeful of getting support from the World Bank and ADB within December this year," a finance ministry official said.

Meanwhile, preliminary discussions for an additional $3 billion loan will begin with the IMF when its mission arrives in Dhaka in around two weeks. Bangladesh Bank Governor Ahsan H Mansur had earlier requested the loan during a virtual meeting.

Finance Adviser Salehuddin Ahmed also held separate meetings with the IMF and stressed the need for additional loan support. IMF officials informed the finance ministry and central bank that they were assessing how much it could lend to Bangladesh. The IMF has so far released $2.3 billion under the ongoing $4.7 billion loan programme.

A finance ministry official said the upcoming IMF staff mission would mainly try to conduct a preliminary assessment of the reform measures that the interim government would undertake.

However, a meeting detailing the loan arrangement could be held on the sidelines of the World Bank-IMF annual meetings in Washington in October. The finance adviser and the central bank governor are likely to take part in the meeting.

Gayle Martin, WB's Acting Country Director for Bangladesh, said during a meeting with the Power and Energy Adviser that discussions have been held with the Bangladesh Bank governor and the finance adviser regarding the budget support. Martin also expressed optimism about providing the support for the energy and power sector by next December.

After taking charge as Bangladesh Bank Governor, Mansur created a list of priorities, one of which is to improve the condition of the foreign currency reserves.

For this, alongside increasing exports and remittance earnings, the government has been looking for budgetary support from various lenders, including the IMF.

A senior Bangladesh Bank official said the government has debts of over $2 billion in the energy sector. Besides, the country requires about $1 billion each month to meet various demands, including that for power and LNG.

Source: thedailystar.net– Sep 11, 2024

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NATIONAL NEWS

If Bangladesh's biggest money-earner sinks, can India become the world's clothing factory?

The one industry that Bangladesh placed all its bets on is trying to recover from the political turbulence that hit a critical point a month ago. But as global buyers start looking for Bangladesh+1, what would India have to do to be that '+1'?

Even before Bangladesh's then-prime minister Sheikh Hasina resigned and fled the country, the unrest over a job quota was troubling the country's apparel industry, the anchor of Bangladesh's economy. The internet shutdown had disrupted orders, factories had shut indefinitely, and supply chains had collapsed — all during the export-oriented sector's peak season for filling Christmas orders.

So, when Muhammad Yunus, chief adviser of the interim government that took over after Hasina's exit, said that he wouldn't "tolerate any attempt to disrupt the global clothing supply chain", his message appeared to be on point. Because the Bangladesh growth story has almost entirely been the story of its apparel exports. The country's 4,600 garment factories employ 4mn workers, and export of their products brings in $47bn.

But a month since the change of guard in Bangladesh, its apparel industry is nowhere close to finding its way back to that upbeat normalcy. While the country's garment exporters' body says it is hurrying to restore business as usual, factories are still having to randomly shut down, labour protests continue, buyers are cancelling trips to Bangladesh or planning to reduce sourcing by next season.

To India, the potential gap in the global market seemed like an opportunity. Some Indian entrepreneurs said there might be more orders coming India's way next season onwards. Some said they were already expanding their manufacturing capacity in India. And others expected India to secure an additional 2% share in the global industry because of the crisis in Bangladesh.

But then, over the past month, some international buyers started placing orders outside the usual schedules for deliveries by this Christmas and New Year and — in one case — within 60 days, ET Prime reported. It was

surprising — most entrepreneurs had expected any diversion of business that would come their way from Bangladesh to happen over some time, not right away.

Such rush orders may or may not tell us a lot about whether India is seen as a potential long-term alternative to the current chaotic space of Bangladesh's manufacturing. But what would India need to get there — to become an obvious choice for international clothing buyers?

What worked for Bangladesh: Great timing, and an all-or-nothing gamble

In the years that Bangladesh was East Pakistan, its economy's lynchpin was jute. By the 1970s, that jute market seemed shaky — it was susceptible to recurring floods, and facing a global decline in demand and prices. The other big industries it did have — like steel and sugar — used to be run by Pakistani business houses which abandoned them after the Liberation War in 1971. Bangladesh had to find a way out of its crisis.

This was when a global trade pact, the Multi-Fibre Arrangement (MFA), became its unlikely rescuer. The 1974 agreement imposed import quotas on apparel, textiles and yarn — but only when a developed nation was buying them from a developing nation. It was a way to limit the entry of inexpensive imports into the domestic markets of developed economies like those of the US and the European Union (EU). But developing nations where the export-oriented textile sector had already made progress had a problem — they needed a larger market than the quotas would allow. These economies — Korea, Hong Kong, Taiwan — went shopping for inexpensive overseas subcontractors.

Korea found that in Bangladesh, a country on which no quota had been imposed at that point. Korea invested in Bangladesh, partnered with garment enterprises in Bangladesh, and gave extensive training to 130 workers from Bangladesh. In turn, it used the quota-free market access that Bangladesh had. Hong Kong, too, started its production through Bangladesh. And those 130 workers that Korea had trained? Within a few years, most left to set up their own apparel businesses.

In 1986, Bangladesh became part of the MFA quota system and that gave it direct access to markets like the US. Bangladesh's garments were also getting preferential market access, duty-free market access or reduced-tariff access to developed and developing nations under separate initiatives.

In the meantime, the Bangladesh government opened up its policies to support exports. In the mid-1980s, it implemented a customs bonded warehouse regime through which manufacturers could import parts they needed — like fabric, yarn or zippers in the case of apparel makers — for export production free of duty.

Another important step was the introduction of back-to-back letters of credit for the apparel industry. A letter of credit is a letter from a bank which says that a buyer's payment to a seller will be made and will be made on time. In the context of Bangladesh, the back-to-back letters of credit arrangement relies on two such letters — one from the bank of the importer (which guarantees payment) and one from the bank of the exporter (who can now use the importer's letter of credit to get a second letter of credit which promises payment to a subcontractor). And so, entrepreneurs did not always need a whole lot of capital to keep the factories running.

Against this backdrop, the apparel sector took off. In 1980, apparel accounted for 0.4% of the country's exports. By 1990, its share had crossed 50%. In another decade, by 2000, it crossed the 75%-share mark and since the late 2000s, apparel exports have made up about 80% of Bangladesh's exports.

What could work for India: Fixing things in-house, and a looming deadline for Bangladesh

Around 1990, India accounted for a bit more than 2% of the world's clothing exports. At the time, Bangladesh's share was just 0.6%. In the three decades since then, India pushed its share in the global clothing export space up to 3%. Bangladesh sped past it (long ago) and reached 8% by 2022. This happened despite intermittent predictions spelling doom for Bangladesh's apparel export sector.

Could it be different this time? A tariff change or a labour protest or public censure over working conditions might affect production or profits for a while but the disruptions are usually short-term. An entire political landscape changing is not the same. Any trade decision is essentially a bet that it will work out in your favour — if too many factors are unpredictable, the bet won't seem practical anymore.

Early signs seem to suggest Bangladesh is doing all it can to get back on track. "Bangladesh is a friend. Right now, things are in a state of flux but they are trying to stabilise things internally. They do have an interim government in place and things are slowly going back to normal. If they can hold elections early, it will be a sign of stability. Once the world realises that the internal dynamics of Bangladesh are steady, things should go back to normal," Dr Siddhartha Rajagopal, executive director of The Cotton Textiles Promotion Council (Texprocil), told TOI+. "In any case, regaining stability would take at least six to nine months."

Are the long-term opportunities for India realistic then? Rajagopal did think so. "India has a long-term opportunity for garments as brands are generally risk-averse and would like to mitigate risks by developing reliable suppliers as viable alternatives," he said. "India ... offers an opportunity as it is well-endowed with all the raw materials and is also a major supplier of garments to leading brands in the world." In fact, he added, India is a major supplier of cotton, cotton yarn and fabrics to Bangladesh. "Many Indian mills are nominated suppliers for branded garment items produced in Bangladesh ... (So, India is) deeply linked to the regional and global supply chain."

So, if buyers made an assessment of the best places to hedge their bets on Bangladesh, where would India stand?

Since 2015, both Bangladesh and India have been categorised as lower-middle income economies — up from low income economies. However, Bangladesh gets preferential access to many large markets because it is still on the United Nations list of Least Developed Countries (LDCs).

That helped Bangladesh tide over the crisis that was expected when the MFA quota system ended in 2005. Countless research papers and think pieces had predicted the death, or at least decline, of clothing exports from Bangladesh at the time.

Garment exports from Bangladesh were growing an average 19% a year in the 15 years during the MFA quota system. But after the MFA quota was gone, they grew at an even faster average of 21% a year. And while Bangladesh’s markets diversified, slightly, to Asian countries such as Japan, Turkiye and China, its largest buyers did not move away.

The reason is cost. In McKinsey's survey of buyers from leading apparel players in the EU and the US in 2011, price was Bangladesh's clear advantage — the "first and foremost reason for purchasing in Bangladesh".

And how did Bangladesh keep costs low? In two ways — by being granted duty-free access to markets, and by paying abysmal wages to workers, As an LDC, Bangladesh had favourable trade agreements to keep its clothing exports inexpensive. It continues to get preferential access to markets in the EU under the Generalised Scheme of Preferences (GSP). The GSP gives LDCs duty-free and quota-free access to the EU for all exports (except those of arms and ammunition). Bangladesh utilises this duty suspension almost entirely for its clothing exports into the EU. It keeps costs down, and buyers happy.

But Bangladesh is scheduled to graduate from LDC on November 24, 2026. When that happens, Bangladesh's zero-duty access to the EU will be in force for three more years and then stop. The only way out for Bangladesh would be qualifying for the EU's GSP+ scheme (which is meant to help vulnerable developing countries while giving them a push towards EU-defined parameters of good governance and sustainable development). Bangladesh is unlikely to qualify because of the eligibility criteria for being identified as a "vulnerable" developing country.

If Bangladesh does not get preferential access to the EU, clothing exports would face tariffs of 8.5-9% which would raise costs for buyers. That would bring it closer to — though not on the same footing — some of its competition, including India. EU nations impose 10-12% duty on textile products, whose removal India is pushing for in its ongoing Free Trade Agreement (FTA) negotiations. It's something for which Indian clothing exporters have been hoping for a while now, with or without the Bangladesh crisis in the picture. Besides making Indian exports competitive, it could also lower production costs by reducing sourcing expenses for some raw material like spandex.

The other factor that allowed Bangladesh to retain its price-competitiveness was its abysmal wage structure. At minimum wages of $72.42 a month in 2022, Bangladesh was the lowest-paying apparel exporting country by far. It was only after strident protests towards the end of last year that the government agreed to raise the minimum wage for garment workers to Tk12,500 ($104) a month — it was still just half of what the workers had demanded.

In fact, it is Bangladesh's horrid working conditions that would hinder its bid for GSP+ — it would need to implement labour law reforms to qualify and it is far from doing that. Its apparel factories have been sites of some of the worst and most lethal accidents in recent times.

It is true, however, that while global buyers might talk about suspending business for ethical reasons, they do go back on their choices once the bottomline is hit. For instance, when the US suspended trade benefits for Bangladesh under the GSP in 2013, it cited the "insufficient progress" in securing labour rights. It barely affected Bangladesh's exports because its primary export to the US, clothing, was largely not covered under the GSP.

The only alternative to low costs that seems to work in the global context is productivity. Vietnam, the strongest competitor to Bangladesh, pays its workers about the same as India does. And its cost per unit is largely higher than those of India or Bangladesh. But its production lead time, or the time it takes to deliver an order, is about 60 days. That of Bangladesh is about 90-120 days. India, with a lead time of about 50-70 days, is not too badly placed then.

But what would India have to do to make it work should these opportunities open up?

"In order to take advantage (of the opportunities), India must ramp up its production capacity and capabilities so as to meet the additional demand for goods in the world markets," Rajagopal said.

Of India's $42bn textile exports, apparel accounts for 36% — or $15bn. About 60-70% of India's garment manufacturing is unorganised. The units, largely small and medium businesses, operate in clusters. The major ones are at Tiruppur and Chennai in Tamil Nadu, Bengaluru in Karnataka, Mumbai and Vapi in Maharashtra, Ahmedabad in Gujarat, Indore in Madhya Pradesh, Bhilwara and Jaipur in Rajasthan, Delhi-NCR, Ludhiana in Punjab, and Kolkata in West Bengal.

But India's apparel production capacity is not, at the moment, prepared for a sudden and sustained increase in high-volume demand — of the 7,500 apparel factories in the country, only 5,000 are operational.

India's current apparel production base is quite diverse but also seasonal, unlike the specialised industry of Bangladesh. Part of it has to do with how the industries are structured — Bangladesh built its apparel industry to

manufacture according to customer specifications and design, while India's apparel industry is geared towards what is called full package manufacturing, a service which covers all stages of production including design, fabric purchase, and so on. Switching from one kind of production to another is not fast, nor is it always efficient.

Finally, India's apparel supply chain is not as well-established as that of Bangladesh. India's Economic Survey for 2019-20 said that an apparel consignment from Delhi to Maine in the US takes roughly 41 days — 19 of which are spent in India because of "delays in transportation, customs clearance, ground handling and loading at sea-ports". And even now, despite conversations around India's potentially larger role in apparel exports, the biggest export hub of Tiruppur is stumbling because there are not enough containers — that means exporters have to choose between delayed deliveries and higher shipping costs.

So, any opportunity that India might have in the global clothing export space only emerges after addressing these gaps.

Source: timesofindia.com– Sep 10, 2024

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Unilateral carbon, digital measures create trade tensions: WTO

Uncoordinated unilateral approaches to address the digital economy and the low-carbon transition can create potential distortions and trade tensions, the World Trade Organization (WTO) has said.

In its World Trade Report 2024, it cautioned that fragmentation or the unwinding of trading relationships and the recourse to unilateral, rather than multilateral, policies – presents a "major risk to progress in reducing poverty and inequality and particularly affects vulnerable groups, such as low-income households, women and MSMEs".

"Without international trade agreements, large economies might be tempted to raise tariffs unilaterally, reducing the price of their imports at the expense of their trading partners," the WTO said in its report released Monday.

Highlighting that trade measures taken unilaterally by importing economies to raise labour standards in exporting economies have the potential to create trade tensions, it emphasised on strengthening the WTO's deliberative and monitoring functions to ensure more inclusive trade.

It also said that low-income economies stand to benefit from improvements in investment facilitation as set out in the plurilateral Investment Facilitation for Development (IFD) Agreement, something that India has opposed as it is outside the ambit of the global trade watchdog. More than 120 WTO members have supported the China-led IFD pact.

"The WTO remains a cornerstone for international trade cooperation, and new and prospective rules in areas such as investment facilitation for development, services domestic regulation and digital trade promise to advance the re-globalization process," said WTO Director-General Ngozi Okonjo-Iweala.

Referring to the report, she added that rules for open and simplified trade are not enough to support inclusiveness between and within economies and they need to be complemented with other policies at the domestic and international levels.

"Fast-growing trade in digitally- delivered services and environmental goods offer exciting opportunities, with digital trade in particular lowering the bar for enabling underrepresented economies, small businesses and women entrepreneurs to connect to international markets," she said.

As per the report, protectionism is not an effective path to inclusiveness and restricting trade is an expensive way to protect jobs for specific groups within society which can raise production costs, while inviting costly retaliation from disgruntled trading partners.
Trade reforms, costs

As per the report, unilateral trade reforms in developing economies have, on average, boosted economic growth by 1-1.5 percentage points, potentially resulting in a 10-20% higher incomes over a decade.

Moreover, trade cost reductions between 1995 and 2020 led to a 20-35% faster income convergence of low- and middle-income economies with high-income economies.

A more promising path towards a global economy that works for everyone lies in "re-globalization" – bringing more economies and communities from the margins to the mainstream of the global economy by helping them attract more trade- oriented investment, according to the WTO.

For example, while global rules for digital trade at the WTO would create new commercial opportunities in the sector, extending the reach of those opportunities to everyone who could benefit would require action to close the digital divide, with investments in digital connectivity, infrastructure and digital skills, as well as in creating an enabling legal and regulatory environment.

Solutions could also include improving data collection, research and information exchange on the negative spillovers across economies of unilateral policies and on the uneven effects of trade policy, and enhancing the participation of vulnerable groups in trade policy decision-making processes, the Geneva-based organisation said.

Source: economictimes.com– Sep 10, 2024

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Govt aims to extend additional Rs 5 lakh cr via credit guarantees in 2 years: Official

The government aims to ramp up credit guarantees extended to micro and small enterprises through the CGTMSE scheme by another Rs 5 lakh crore in the next two years, a top official said on Tuesday. According to Rajneesh, Additional Secretary and Development Commissioner (Micro Small and Medium Enterprises), credit guarantees worth of Rs 4 lakh crore were extended in the last two years via the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

"In a span of 22 years the cumulative credit guarantees extended by CGTMSE amount was 2.6 lakh crore. But in last two years, we have been able to give credit guarantees worth of Rs 4 lakh crore and in the next two years we intend to ramp it up to another Rs 5 lakh crore," Rajneesh said at a FICCI event here.

He further shared that the government has bridged a large gap in formalisation of MSMEs in the last few years, with the total number of Udyam registered MSMEs rising to 5 crore from 1.65 crore units over a year ago.

"The government started concerted drive jointly with state governments and industry associations. As on date, the total number of registered MSMEs with the ministry in more than 1 year has increased from 1.65 crore to 5 crore bridging the large formalisation gap," Rajneesh said.

Addressing the event, Chakravarthy T Kannan, Secretary General, Quality Council of India (QCI), highlighted the need to work on building a quality interface called 'Universal Quality Interface', like UPI, to support the decision-making process of OEMs based on the ZED progression.

"ONDC (Open Network for Digital Commerce) is getting reconstituted, and we are also collaborating with them on how ONDC can become a platform for MSMEs with quality guarantee.

Indian MSMEs are poised to grow multi-fold and QCI is eager to participate with the industry to be a part of the journey to Viksit Bharat," he added.

MSME Sustainable (ZED) Certification is an extensive drive to create awareness amongst MSMEs about Zero Defect Zero Effect (ZED) practices and motivate and incentivise them for ZED Certification while also encouraging them to become MSME Champions.

Credit Guarantee Fund Trust for Micro and Small Enterprises is jointly set up by Ministry of Micro, Small & Medium Enterprises and Small Industries Development Bank of India (SIDBI) to catalyse flow of institutional credit to micro & small enterprises.

Source: economictimes.com– Sep 10, 2024

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India's first transshipment port Vizhinjam nears operational launch

India's first transshipment port should be able to receive its first commercial cargo ship before September ends. Though it is a busy season for announcements in the Indian maritime sector, with the government clearing the development of Vadhavan port at a cost of Rs 76,220 crore in June this year, the opening of Vizhinjam, just south of Thiruvananthapuram in Kerala, is most significant.

It checks all the boxes to become a thriving port for nautical reasons. Those it does not are mostly in the political realm. For instance, in the second phase, the port plans to build connectivity with the Bengaluru industrial zone, which will require developing new road or rail links, mostly through Kerala—a fraught exercise. It will also be the first mega port to come up since 1999 when Mundra began operations, so Indian policymakers have little experience handling the demands of maritime projects of this scale.

Port officials at Adani Ports and Special Economic Zone, speaking on condition of anonymity, said they have already conducted trial runs to berth massive post-Panamax vessels at the dock. These mother vessels have also unloaded cargo onto what, in shipping parlance, are known as daughter ships. One of those was MSC Deila, a ship of the Mediterranean Shipping Company (MSC), which discharged around 1,550 containers in late August.

Full-fledged operations, if they happen now, will be an improvement over the December deadline. Earlier plans for a 2023 inauguration were postponed due to ongoing agitations by the local community against land loss and the impact on fishing.

The port expects to handle business of 1 million TEU (twenty-foot equivalent units) in its first full year of operation. Colombo Port has crossed 5 million TEUs by September, achieving a cumulative growth of 9.6 per cent. A significant challenge to those numbers is that Vizhinjam is far from the India-Middle East-Economic Corridor story, located so far south. Its sister port Mundra, government-owned Deendayal, and even the upcoming Vadhavan are far better located.

A TEU is the standard measure of a container port's capacity and translates into 24 million tonnes per annum. While in India the latter is the usual measure to compare port capacities, globally the measure most cited is TEU. The reasons have much to do with India's sea-based trade. Until recently, India had little significant container traffic, largely confined to the state-run Jawaharlal Nehru Port Authority (JNPA) off Mumbai coast and the Adani-run Mundra port in Gujarat. Deendayal port aims to reach a capacity of 269 MTPA, Paradip 290 MTPA, and JNPA 142 MTPA.

Except for JNPA, the other 11 major ports, operated by the central government, dealt primarily with dry or bulk cargo like crude oil, fertilisers, iron ore, coal, food grains, and cement. Goods requiring containerisation were rare. As the economy has diversified, these demands have risen.

This is where Vizhinjam could find its footing. The port is a public-private partnership between the Kerala government-owned special purpose vehicle Vizhinjam International Seaport Ltd. and Adani Ports and Special Economic Zones. This is known as the landlord–PPP model, a first of its kind for India. The latter is the port operator with a 40-year lease. The location is ideal, situated just 12 nautical miles from the busy international shipping routes of the Indian Ocean, connecting Europe, the Persian Gulf, and the Far East.

What also gives the port an advantage is the natural draft of 18m close to the shore, so the cost of dredging is minimal. As an official put it, "The port can leverage its natural depth to host even ultra-large next-gen container ships requiring 20m plus drafts." Globally, the shipping industry is moving towards mega-size vessels with ships of 20,000 TEU and above. Even the current cape-size vessels (dry cargo carriers) require a draft of over 18m. The government-run ports, including Deendayal, Paradeep, and JNPA, have drafts of just 14 to 16 metres due to siltation.

Until recently, the government expected these ports to manage this problem from their funds. However, with a change of policy, the sea lanes around them have been declared national assets, allowing the Ministry of Ports, Shipping and Waterways to finance these works. However, its budget is limited.

Earlier attempts

Vizhinjam, like Vadhavan, has seen several attempts. The first was in 1995, followed by efforts in 2004-05, 2007-08, and 2010-11. The last included consultancy support from World Bank arm IFC. The delays, however, made nearby Colombo Port more attractive. VISL expects to draw away traffic from the almost saturated Sri Lanka port.

The Adani Group is also building a new terminal on the western flank of Colombo Port, but the group expects there will be enough traffic to cater to both their ports, located just 176 nautical miles from each other—less than a day's voyage. "Several factors make a port attractive—the tariff, the waiting time, and the time taken to move the cargo. We hope to create a compelling case for the Indian port," an Adani official said.

PPP Model

Vizhinjam will have sweeteners built in since the PPP model envisages the state government beginning to receive a revenue share only from the 15th year of the port's operation, increasing by 1 per cent annually, subject to a ceiling of 40 per cent. This is also the first port project in the country to receive viability gap funding, with the centre paying Rs 817.8 crore.

Adani Ports and SEZ did not respond to requests from Business Standard to contribute to this article.

The port operator will have the right to undertake port estate development, that is, commercial activities resulting from port-induced development, subject to a cap of 30 per cent of the site area provided for the project. The Kerala government will set the upper limit for the port's tariff.

Most importantly, the construction risk of the project was entirely transferred from the Kerala government. For example, the construction risk of the breakwater, which was to be borne by the government under the 2011 model, was transferred to Adani Ports and SEZ. This also eliminated the interface issue of two contractors working on the same construction front. The state government cumulatively saved Rs 3,000 crore under the present model, a figure even the CAG could not dispute.

Despite political disturbances, Colombo Port will be a difficult challenge for Vizhinjam. Since the early 1990s, Colombo has perfected the transshipment business, where ships unload their cargo at Colombo for onward transport to Indian, Bangladeshi, and Pakistani ports. There has been no alternative, except for a mid-sea transfer of goods nearer to an Indian port. Also, cargo from Bangladesh would not come to Vizhinjam, as it is on the western side of the Indian coast.

This week, a 24,000 TEU vessel Ever Arm, sailing under the Taiwan flag, berthed at Colombo. The Sri Lanka Port Authority was justifiably pleased, as the vessel is a giant compared to the 10,000 TEU of post-Panamax container vessels. Plans to make tariffs more competitive have begun as competition intensifies in the Indian-Sri Lankan waters to capture a rising share of the seaborne trade volumes.

Source: business-standard.com– Sep 10, 2024

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French retailer Carrefour set to re-enter India with Dubai's Apparel Group

New Delhi: French multi-brand retailer Carrefour, which operates hypermarkets and grocery stores in several countries, has announced its re-entry into India through a franchise partnership with Dubai's Apparel Group.

The company first entered India in 2010 through the wholesale cash and carry format, for which foreign direct investment (FDI) rules are more lenient, allowing overseas companies to invest directly in India's retail market. This is different from FDI in multi-brand retail, where foreign retailers are expected to partner with local companies. Carrefour shut its five stories in India and exited the market in July 2014, citing a lack of business and an inability to find a partner to expand its business to multi-brand retail.

Patrick Lasfargues, Carrefour's executive director of international partnership said in a statement on Monday, "Thanks to this partnership, we are very happy to launch in India and grow our footprint in one of the fastest-growing economies in the world. India is now the cornerstone of the Carrefour International Partnership 2026 development plan, marking a significant step forward in our strategy to expand into over 10 new countries by 2026."

"We will be expanding with multiple formats across the country to adapt to this dynamic country's retail landscape," he added.

Carrefour, which operates 14,000 stores in more than 40 countries, posted sales of €94.1 billion in 2023. It sells both food (fresh produce) and non-food items such as health & beauty products, household goods and textiles.

First five stores next year

On Monday the retailer said it would introduce Carrefour's exclusive brands in India through the partnership with Apparel Group. They will be launched in north India at first, with plans for a nationwide expansion. It wasn't immediately clear whether Carrefour will offer its full range of products in India.

The company said it plans to open the first Carrefour stores in the National Capital Region in 2025. Apparel Group will introduce various Carrefour formats, such as hypermarkets, supermarkets and gourmet stores in India.

The companies did not share their investment plans for India.

The Apparel Group, founded in Dubai in 1996, operates in the retail clothing and food and beverage (F&B) sectors. It manages a portfolio of more than 85 brands and operates more than 2,300 stores across 14 countries across the Middle East, India, Southeast Asia and Africa.

Nilesh Ved, owner of Apparel Group & chairman of AppCorp Holding, said, "In a very dynamic and rapidly changing market for food retail, we plan to open our first Carrefour stores during the summer of 2025. This partnership represents a significant step in strengthening our position in India. Our goal is clear: to offer the best products at very attractive prices to all Indian customers and make Carrefour their preferred choice for shopping."

He added, "We're committed to bringing the true essence of Carrefour to India. Our stores will offer a wide range of products, including groceries, fresh produce, and other food items. Depending on the store format, we'll also feature non-food items like household goods, electronics, and clothing."

Source: livemint.com– Sep 09, 2024

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Reliance Retail & Delta Galil announce major partnership in India

Reliance Retail Ventures Limited (Reliance Retail), India's foremost retailer, and Delta Galil Industries, Ltd. (DELG/Tel Aviv Stock Exchange), the global manufacturer and marketer of branded and private label intimate, activewear, loungewear and denim apparel for ladies, men and children, today announced a strategic partnership in India. This collaboration, marked by a 50/50 joint venture, aims to redefine the apparel landscape in the Indian market.

The partnership intends to establish an apparel innovation platform dedicated to meeting the unique demands of Indian consumers. Delta Galil, renowned for its innovation and product excellence, will leverage this venture to expand its footprint in the rapidly growing Indian market, offering its acclaimed portfolio of intimate apparel and activewear brands across retail, wholesale and digital channels. Through the collaboration, Delta Galil will also support the joint venture, which will design and manufacture products for Reliance's own well-established brands.

Welcoming Delta Galil as a key strategic partner into the Reliance Retail portfolio, V Subramaniam, Managing Director, Reliance Retail Ventures Limited, stated, "Delta Galil's reputation as a global innovator in intimate apparel and activewear aligns seamlessly with Reliance Retail's commitment to delivering quality and innovative products to Indian consumers. Together, we are poised to elevate the consumer offerings in the intimate apparel and activewear segments across our retail platforms."

Delta Galil's CEO, Isaac Dabah, echoed this sentiment, emphasizing the strategic significance of the collaboration. "Reliance Retail is one of the fastest-growing retail companies in the world and we are extremely proud to partner with the company as we look to tap into India's dynamic consumer market, home to more than 1.4 billion consumers," said Dabah. "This collaboration will allow us to combine our product design, innovation and manufacturing prowess with Reliance Retail's extensive retail network and distribution reach, paving the way for accelerated growth of the intimate apparel and activewear categories throughout the country. We look forward to embarking on this journey with Reliance to an initial launch with Delta family lifestyle stores and the Athena brand for men's and ladies' intimates, over the next 18 months."

As the largest retail company in India, Reliance Retail wields unparalleled domestic sales and distribution expertise. The joint venture will enable Reliance Retail to tap into Delta Galil's deep industry expertise and innovation capabilities in intimate apparel and activewear, key product categories that are poised to grow significantly in the Indian market.

Source: fibre2fashion.com– Sep 10, 2024

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Cotton farmers in Telangana face an uncertain future

Hyderabad: The cotton farmers in Telangana are facing a severe crisis as the recent heavy rains and subsequent floods have caused extensive damage to their crops. Despite the prospect of stable prices this year, cotton crop was affected in over seven lakh acres due to flooding, according to preliminary estimates.

The State was looking at a significant increase in cotton cultivation this year, as a big shift was expected from paddy which suffered huge losses due to scarcity conditions and failure of irrigation support under major projects last year. However, the hopes of the farmers have been dashed due to adverse weather conditions. The initial sowing of cotton, which began in late May following pre-monsoon showers, was severely impacted by dry spells.

Despite these challenges, farmers remained hopeful, buoyed by forecasts of stable prices ranging from Rs.6,600 to Rs.7,200 per quintal for the harvest season from November 2024 to February 2025. The optimism was further supported by market intelligence inputs from various institutions, including the Agriculture and Market Intelligence Centre of Prof. Jayashankar Telangana State Agriculture University.

Last year, cotton prices remained below Rs.7,000 per quintal for most of the season, with only a few varieties fetching remunerative prices. This year, the cost of cotton production has been high, primarily due to labour shortages and the increased cost of inputs such as seeds, fertilizers, and pesticides.

Cotton was cultivated on nearly 43 lakh acres in Telangana this year. However, preliminary reports indicate that the cotton crop in over one sixth of the net sown area was damaged due to the August rains that triggered widespread floods. The actual extent of the loss is yet to be fully assessed, but the preliminary estimates are alarming.

The government agencies have estimated the preliminary losses due to the recent heavy rains at Rs.5,438 crore. Cotton losses are said to be a significant component of this.

The Centre, backed by the Department of Agriculture Economics' price forecast mechanism, predicts stable prices for most major crops compared to the previous Vanakalam marketing season (June-September). However, the persistent rains are likely to pose a significant threat to the cotton crop. The districts of Mahabubabad and Khammam have borne the brunt of crop losses. The worst is not over yet, feel the farmers.

Cotton farming plays a crucial role in Telangana's agricultural economy. Adverse seasonal conditions have scuttled the efforts put in by the farmers to improve productivity and reduce production costs. Farmers were demanding compensation at a rate of Rs.35,000 per acres as their crop investments were significantly high this year and timely support was essential to the farmers at this juncture to enable them to raise alternate crops. They are demanding that the State government along with agricultural institutions come to their rescue.

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