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USD	EUR	GBP	JPY
83.98	92.55	109.62	0.59

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

No growth in monthly UK real GDP in Jul; 0.5% growth in May-Jul: ONS

Monthly UK real gross domestic product (GDP) is estimated to have shown no growth in July this year after the same trend in June, according to the Office of National Statistics (ONS).

Real GDP is estimated to have grown by 0.5 per cent in the three months to July compared with the three months to April.

Production output decreased by 0.8 per cent in July (1 per cent reduction in manufacturing) following a growth of 0.8 per cent in June, and decreased by 0.1 per cent in the three months to July (manufacturing output fell by 0.3 per cent in this period) compared with the three months to April, an ONS release said.

Manufacturing output was the largest contributor to the reduction in production output in July, following a growth of 1.1 per cent in June 2024. Manufacturing output decreased in seven of the 13 subsectors in July.

Source: fibre2fashion.com– Sep 11, 2024

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USA: Apparel Prices Rose in August as Inflation Holds Steady

The annual inflation rate is at its lowest level since February 2021.

The U.S. Consumer Price Index (CPI) rose 0.2 percent in August on a seasonally adjusted basis, the same increase as in July, according to the U.S. Bureau of Labor Statistics (BLS) on Wednesday. Helping to keep overall inflation steady was a decline in gasoline prices by 0.6 percent and a decrease in electricity pricing by 0.7 percent. On an unadjusted basis over the last 12 months, consumer prices rose 2.5 percent.

Apparel prices rose 0.3 percent in August, after declining 0.4 percent in July.

The CPI is a broad measure of goods and services that's used to keep tabs on inflation. Excluding food and energy prices, core CPI rose 0.3 percent, slightly above the 0.2 percent estimate.

That small uptick sets the stage for a one-quarter percent reduction in interest rates when the Federal Reserve holds its FMOC meeting on Tuesday, concluded Wells Fargo economists Sarah House and Michael Pugliese. But even with the odds more in favor of a one-quarter percent reduction, the economists said they wouldn't be shocked if the FMOC elected to reduce rates by a one-half percent.

"The ongoing deterioration in the labor market has become an increasing focus for the FOMC, and inflation is slowly but surely returning to 2 percent on trend," the economists said in a report, adding that "all signs point to additional rate cuts beyond next week, in our view."

The BLS data last week showed that the retail trade sector lost 11,100 jobs in August. Overall, U.S. employers added 142,000 jobs in August, just below the consensus estimate of an increase of 162,000 jobs. The unemployment rate in Guust slipped to 4.2 percent from 4.3 percent in the prior month.

With more rate cuts on the way, that could help businesses lower their borrowing costs. Consumers could benefit as well, as lower interest payments on credit card bills and variable rate mortgages would free up some dollars to help with discretionary spending, such as apparel purchases.

Inflationary pressures post-COVID have had a significant impact on consumer spending, with projected higher costs from existing trade policy and tariffs as well as overall U.S. fiscal policy have become talking points as presidential candidates Vice President Kamala Harris and former President Donald Trump head to their stumping grounds to garner votes for November's election.

Source: sourcingjournal.com– Sep 11, 2024

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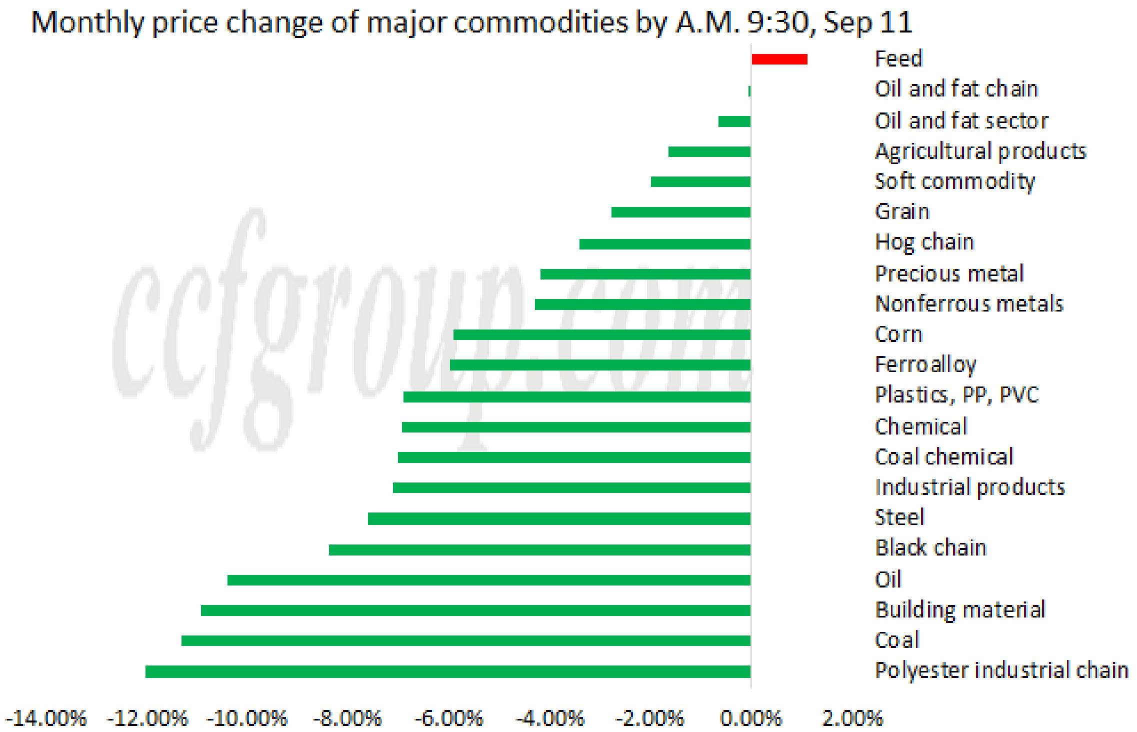
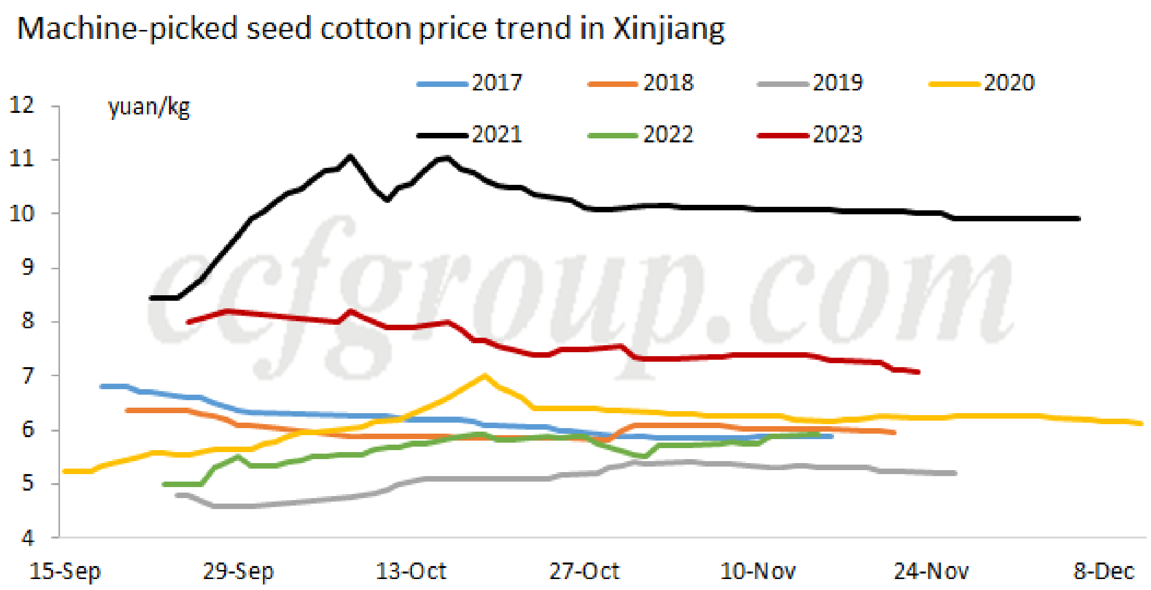
China: Attention on the seed cotton price with the approaching arrivals of new cotton

Influenced by the sharp decline in crude oil prices, the prices across the polyester industrial chain are experiencing a rapid downturn, with products involving futures trading hitting new lows in particular. The accumulated decline for the polyester chain this month has already reached around 12%, placing it at the top of the commodity price decline list. Following behind are the coal, building materials, and oil sectors.



In contrast, agricultural products saw relatively minor declines in Sep, with a cumulative decrease of less than 2%, suggesting a somewhat favorable performance. However, under the backdrop of significant macroeconomic pressures and insufficient demand, market confidence is generally weak. Cotton, as an important agricultural product, is approaching the period of new crop arrivals, and the market is particularly focused on the situation of seed cotton procurement. The general expectation is that the price for machine-picked seed cotton will be around 5.5-6yuan/kg, with a cautious attitude guiding the procurement. Therefore, from the perspective of preparation and mindset, the price of seed cotton this year may be anchored to the futures market. Of course, due to discrepancies between cotton farmers and ginning factories regarding the price, there may be a period of bargaining in the early stages of availability.



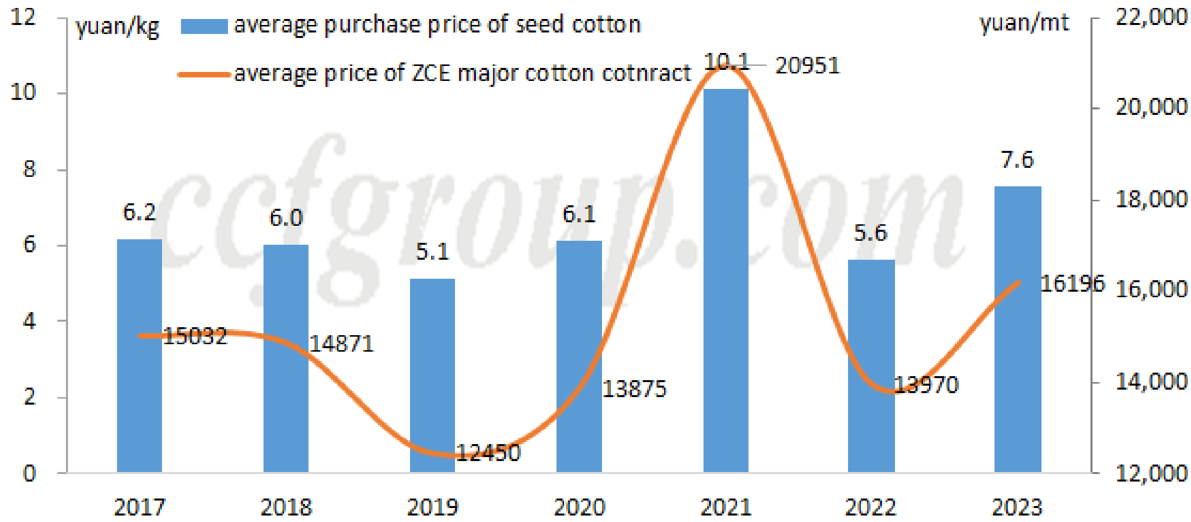
In the past, machine-picked seed cotton in Xinjiang has typically entered the market in late Sep, with procurement lasting approximately 40 days. The period was longer in 2020-2021, at just over two months. Looking at the procurement price, the average price from 2017 to 2023 has been around 6.7yuan/kg, with an average value of around 6.1yuan/kg after excluding the unusually high price in 2021. In recent years, the correlation between seed cotton price and the Zhengzhou cotton futures market has gradually increased, with a correlation coefficient of up to 0.98 during the arrival period from 2017 to 2023, indicating a close relationship between the two, despite some variation in correlation coefficients across different years.

Correlation of Xinjiang machine-picked seed cotton and ZCE major cotton contract during the arrival							
	2017	2018	2019	2020	2021	2022	2023
correlation coefficient	0.7025	0.3052	0.8541	0.8656	0.8674	0.1231	0.9803

Correlation of Xinjiang machine-picked seed cotton and ZCE major cotton contract during the arrival

Note: The calculation period for the futures average aligns with the seed cotton arrival time, which varies each year. In 2019, the average price for machine-picked seed cotton was as low as around 5.1yuan/kg, with the average price of the ZCE major cotton contract below 12,500yuan/mt, fluctuating between 12,000-13,000yuan/mt.

Xinjiang machine-picked seed cotton price and ZCE major contract



From 2017 to 2023, the spot price has consistently been higher than the major cotton contract price during the same period, with significant differences in the price difference between the futures and spot markets each year. In recent three years, the average price difference maintained around 900-1,000yuan/mt. The machine-picked seed cotton in Xinjiang has not yet begun to be harvested this year, and the initially expected arrival time is expected to be delayed due to weather conditions in Xinjiang, but the mainstream expectation for the price is within the range of 5.5-6yuan/kg.

In summary, the overall commodity market atmosphere has been relatively weak recently, with most commodities in a state of decline. After a significant fall in Aug, cotton price has seen a rebound, but its performance has also been weak, yet stronger than the polyester industrial chain. However, with the upcoming new cotton arrivals, the market is closely watching the seed cotton procurement price. Based on current market feedback, a rush for procurement is unlikely to occur, and the price in the early period is also expected to be difficult to exceed 6yuan/kg, with some predicting even lower prices. Under such expectations, both downstream enterprises and traders are generally cautious, focusing on digesting the inventory, and the speculative demand is hard to be stimulated.

Source: ccfgroup.com– Sep 12, 2024

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Dutch manufacturing faces continued challenges, July output down 4.4%

In July 2024, the calendar-adjusted output of the Dutch manufacturing industry dropped by 4.4 per cent compared to the same period in 2023, according to recent data from Statistics Netherlands (CBS). This marks the thirteenth consecutive month of year-on-year contraction, further highlighting ongoing challenges in the sector.

More than two-thirds of industrial sectors reported lower output compared to July 2023. The transport equipment industry experienced the steepest decline, with a dramatic 31.4 per cent reduction. The repair and installation of machinery sector also suffered a significant decrease of 20.3 per cent. In contrast, the food industry saw a modest growth of 1.6 per cent, leading gains among the larger sectors.

Seasonally and working-day adjusted data revealed a 1.1 per cent drop in output from June to July 2024. This reflects ongoing volatility in manufacturing output, which has been on a downward trend since mid-2022, after a period of recovery from the 2020 pandemic-induced slump.

Despite the overall negative trend, Dutch manufacturers expressed less pessimism in August, reporting improved sentiment regarding order positions and stock levels. Optimism about future output has increased, though uncertainty remains, particularly due to economic conditions in Germany, a key market for Dutch manufacturing. German manufacturing output dropped by 5.9 per cent year-on-year in July, further weakening demand in the region.

Source: fibre2fashion.com– Sep 12, 2024

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Italy's biz confidence improves, consumer confidence worsens in Aug

Italy's seasonally- and calendar-adjusted gross domestic product (GDP) recorded a slight increase of 0.2 per cent quarter on quarter (QoQ) in the second quarter (Q2) this year, marking the fourth consecutive positive growth rate, according to the official statistical agency Istat.

Among the aggregate components, the largest contribution came from the change in inventories (plus 0.4 percentage points [pps]), while the contribution from net foreign demand was negative (minus 0.3 pps) due to a more significant decline in exports compared to imports of goods and services.

Seasonally-adjusted industrial production in the country showed a new contraction in July, following increases in the previous two months. It fell by 0.9 per cent QoQ and 3.2 per cent year on year (YoY).

On an average, from May to July, there was a decline in production levels of 0.4 per cent compared to the previous three months. Except for energy (plus 2.3 per cent), the decline in July affected all major categories of goods, albeit less pronounced for intermediate goods (minus 0.7 per cent), capital goods (minus 1.2 per cent) and durable consumer goods (minus 1.3 per cent).

Business confidence improved in August following four months of decline, while consumer confidence worsened after three months of increase, driven by a deterioration in all components of the index, an Istat release said.

Opinions about the overall and personal economic situation, both current and future, deteriorated; expectations regarding the prospective saving capacity also worsened significantly.

However, the confidence of manufacturing firms continued to decline in August, particularly regarding assessments of orders and production expectations.

Goods exports in value, which had recorded a QoQ decline in Q1 2024, remained overall unchanged in Q2. Direct sales to EU markets continued to decrease in the quarter.

Overall, in the first six months of the year, exports decreased by 1.1 per cent YoY, while imports fell by 7.4 per cent. For both exports and imports, the decline in value was accompanied by a contraction in the sales volumes of Italian products.

In July this year, a positive QoQ change in retail sales was estimated in value (plus 0.5 per cent) and volume (plus 0.3 per cent). In the May-July 2024 quarter, there was an increase in retail sales in value (plus 0.3 per cent) and stability in volume compared to the February-April quarter.

The upward trend in employment continued in July, with the number of employed in the month exceeding 24 million for the first time since the beginning of the series. The employment rate (62.3 per cent) rose by 0.1 pps compared to June.

Unemployment in July saw a significant decrease compared to the previous month, particularly among women and individuals of all age groups. Finally, the inactivity rate increased to 33.3 per cent (plus 0.2 pps) compared to June.

Consumer inflation in Italy is rising in the summer months. The YoY dynamics of the consumer price index (CPI) was 1.3 per cent in July and 1.1 per cent in August (preliminary data), up from the previous months (plus 0.8 per cent from April to June).

Source: fibre2fashion.com– Sep 12, 2024

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EU-Pacific trade pact deepens ties, reshapes textile & apparel landscape

A landmark trade agreement between the European Union (EU) and Pacific states is poised to significantly alter the dynamics of the textile and apparel industry in both regions. The interim Economic Partnership Agreement (IEPA), which includes Fiji, Papua New Guinea, Samoa, and the Solomon Islands, sets the stage for increased trade flows and deeper economic integration.

Key provisions of the IEPA

The IEPA focuses on establishing a free trade area, with a particular emphasis on sustainable development and supporting the integration of Pacific States into the global economy.

Tariff elimination: The EU grants 100 per cent duty-free and quota-free access to all imports from Pacific EPA countries, ensuring permanent and unrestricted access for all products. Pacific EPA countries are progressively phasing out duties on EU imports, with flexibility based on their development levels and sensitive sectors. Safeguard measures, such as import quotas or temporary reintroduction of duties, can be implemented under specific circumstances to protect domestic industries from import surges.

Rules of origin: The IEPA includes rules of origin to ensure that only products originating from the participating countries benefit from the preferential tariff treatment.

Trade facilitation: The agreement aims to simplify customs procedures and reduce trade barriers, facilitating smoother trade flows.

Sustainable development: The IEPA includes provisions on labor rights, environmental protection, and good governance, promoting sustainable trade practices.

Impact on the textile and apparel industry

The IEPA is expected to significantly boost the textile and apparel industry in both the EU and the Pacific States.

Primarily, it will give a boost to exports from Pacific States to the EU. The removal of tariffs and quotas will make textile and apparel products from the Pacific States more competitive in the EU market. This is likely to lead to a substantial increase in exports, creating new jobs and boosting economic growth in the region. The agreement is also likely to boost exports of high-quality, niche products from the Pacific, such as traditional handicrafts and sustainable textiles.

It will also result in improved access to raw materials. Pacific States' textile manufacturers will benefit from duty-free access to raw materials and intermediate goods from the EU, reducing production costs and enhancing competitiveness. The IEPA's favorable trade environment is expected to attract more investment in the textile and apparel sector in the Pacific States, further stimulating growth and development.

Click here for more details

Source: fashionatingworld.com– Sep 11, 2024

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Uzbekistan poised to become a game changer in the Global Textile Industry

The ITMF Annual Conference and IAF World Fashion Convention commenced in Samarkand with insightful discussions on the promising future of Uzbekistan's textile and apparel industry.

Key speakers, including leading Uzbek textile producers, international investors, and representatives from public organizations and regulatory bodies, explored the sector's potential and outlined the steps needed to ensure Uzbekistan's success in the global textile arena.

In recent years, Uzbekistan's textile industry has undergone significant reforms and modernization, aligning itself with international regulations and the highest quality standards. The introduction of cotton-textile clusters in 2017, along with progressive labour regulations followed by cotton boycott lifting in 2022, has transformed the industry. Today, Uzbekistan is a member of both the Better Cotton Initiative and the Better Work program, enabling the export of textiles to numerous global partners. Between January and July of this year alone, Uzbekistan exported over $1.7 billion worth of textile products to 85 countries across all continents. By 2026, the country aims to triple its export volume to $6.5 billion, underscoring its commitment to global growth and market expansion.

Government support has created favourable conditions for international investors. Kihak Sung, Chairman of Youngone Corporation, shared his company's success story. Youngone operates two factories in Uzbekistan and is planning further expansion, bringing $55 million in investments and creating over 5,000 jobs. The company hopes to replicate its success in transforming the textile industry in Bangladesh within Uzbekistan.

The international textile community has taken notice of Uzbekistan's prospects. According to Karim Shafei, International Partner at Gherzi Textil Organisation, Uzbekistan has the potential to become a game changer in the global textile industry and value chain. The country benefits from competitive labour costs, a favourable investment climate, a strategic geographical position, and effective government support. In a dedicated report titled Is Uzbekistan the Next Textile Giant?, Gherzi examines both the advantages and challenges Uzbekistan faces on its path to becoming a significant player in international textiles.

“We are honoured to host the ITMF Annual Conference and IAF Fashion Convention 2024 in Uzbekistan. This unique platform allows us to showcase our latest developments and achievements while gaining the trust of the international community,” said Mirmukhsin Sultanov, Acting Chairman of Uztextileprom. “Uzbekistan’s textile story is deeply rooted in history, dating back to the ancient Silk Road when we became a central hub for textile trade and craftsmanship. Today, we continue that tradition through reform and modernization, embracing technology, innovation, and sustainability. The textile industry is a major driver of our national economy.”

Sultanov added, “From the introduction of cotton processing by the Chinese in 2000 BC to today’s conference, we have achieved remarkable milestones. As we aim for our ambitious $10 billion export target by 2030, we are confident that even greater successes lie ahead as we expand further into global markets.”

The ITMF Annual Conference and IAF Fashion Convention 2024 is a is one of the major international events in the textile industry. Themed Innovation, Cooperation, and Regulation — Drivers of the Textile and Apparel Industry, the conference brought together over 500 professionals in Samarkand to discuss the future of textiles, explore cutting-edge innovations, and expand global partnerships.

Source: indiantextilemagazine.in– Sep 11, 2024

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Vietnam, Sweden sign MoU to enhance trade promotion, biz cooperation

Vietnam's trade office and Business Sweden recently signed a memorandum of understanding (MoU) to enhance bilateral trade promotion and business cooperation.

Hai Phong city's department of industry and trade also signed an MoU with the Port of Gothenburg to expand logistics cooperation.

These were part of several MoUs signed at the Vietnam-Sweden Business Forum 2024 held recently in Stockholm by the Vietnamese embassy, the Vietnam trade office in Sweden and FPT Corporation to celebrate 55 years of diplomatic relations, a release from the embassy said.

Themed 'Digital Transformation, Energy Transition, and Innovation: Cooperation for a Sustainable Future', the event aimed at facilitating collaboration between Vietnamese and Swedish businesses in various sectors.

Vietnamese ambassador to Sweden Tran Van Tuan said Vietnam's economy is being increasingly driven by digitalisation, with digital economy contributing 16.5 per cent to gross domestic product last year. Both nations could greatly benefit from Sweden's expertise in technology and innovation, he noted.

Source: fibre2fashion.com– Sep 11, 2024

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Vietnam sees $20.5 bn in registered FDI in Jan-Aug 2024

Vietnam witnessed $20.52 billion in registered foreign direct investment (FDI) capital during the first eight months this year—an increase of 7 per cent year on year (YoY).

About $14.15 billion worth FDI was disbursed in the period—a rise of 8 per cent YoY, marking the highest for an eight-month period over the past five years, according to the Foreign Investment Agency under the ministry of planning and investment.

Nearly $12 billion was registered for 2,247 new projects—up by 27 per cent in value and 8.5 per cent in project number.

Additional capital for 926 existing projects topped $5.7 billion—up by 4.9 per cent and 14.8 per cent respectively.

Foreign investment through contributing capital to and buying stakes of local firms decreased by 40.9 per cent to nearly $2.81 billion, a domestic news agency reported.

Foreign investors poured money into 18 out of the 21 economic sectors, of which the manufacturing and processing industry led with nearly $14.17 billion, accounting for over 69 per cent of the total registered FDI and marking a 7.4-per cent rise YoY. It was followed by real estate ($3.36 billion) and the wholesale and retail sector ($844.9 million).

Among the 94 countries and territories investing in Vietnam during January-August, Singapore topped with over $6.79 billion, while Hong Kong ranked second with $2.4 billion, surging by 75.5 per cent and 43.7 per cent YoY respectively.

The northern province of Bac Ninh received the maximum FDI of nearly $3.47 billion, representing 16.9 per cent of the total and a 2.94-fold surge YoY. It was followed by the northern province of Quang Ninh and Ho Chi Minh City, with nearly $1.78 billion and over $1.76 billion respectively.

Source: fibre2fashion.com– Sep 12, 2024

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Beleaguered BGMEA Joins Cascale as Bangladesh Takes 'Concrete' Steps

Miran Ali, vice president of the Bangladesh Garment Manufacturers and Exporters Association doesn't consider himself a socialist. Neither does he think that he looks like a revolutionary. He's a capitalist, he said at the closing keynote of Cascale's annual meeting in Munich on Tuesday. Even so, he, like the rest of the South Asian nation, is reconsidering his approach.

That includes the BGMEA, as it's better known, joining the multi-stakeholder group formerly known as the Sustainable Apparel Coalition. Colin Browne, Cascale's CEO, later joined Ali on stage to sign a Memorandum of Understanding to align the organizations' goals and accelerate the transition toward a more carbon-neutral, environmentally and socially responsible industry.

The move comes at a fraught time for Bangladesh, which continues to face widespread worker unrest following a democratic uprising that ousted former prime minister Sheikh Hasina last month. The so-called 36th July revolution—so named because protestors said there wouldn't be an Aug. 1 while Hasina's Awami League remained in power—has "reshaped our society dramatically for the better," Ali told an audience of 600. The BGMEA is trying to work through any mistakes it has made, he said, and joining Cascale is just a first step. Another is building a database that more accurately tracks the impact of its members.

The BGMEA, which is facing an internal battle over its leadership, also wants to make stronger demands on buyers to act responsibly. Suppliers lacked the courage to do that before, said Ali, who is also the global spokesperson for the manufacturer-driven Sustainable Terms of Trade Initiative. Now, they want to appeal for better prices, just like they will stand up for social and environmental justice.

"I'm not a socialist. I'm a capitalist, but I must take responsibility for my actions, and if my actions are going to hurt the environment, if my industry is going to hurt the environment, then my industry has to evolve," he said. "I cannot keep saying I will evolve in 2030 or 2040…we need concrete steps today."

But first, the world's second-largest exporter of clothing after China must wrestle with worker unrest, particularly in the industrial areas of Ashulia, Gazipur and Savar, where dozens of factories—25 here, 45 there, 74 elsewhere—have been shuttering, reopening and closing up shop again due to violence, vandalism or an outright refusal by employees to work. Authorities and the BGMEA have blamed "outsiders" for inciting workers into making what some have described as unreasonable demands, such as a 10 percent annual increase in pay, a higher food—also known as tiffin—allowance, attendance bonuses and the recruitment of more male employees. But some workers have also been calling for unpaid dues, including from one factory that closed four years ago.

To quell some of the discontent Ashulia authorities and the BGMEA told worker rights groups in the district on Monday that it will be acceding to some of their requests, including increasing the monthly attendance bonus by 225 Bangladeshi taka ($1.88) and the tiffin fee by 100 taka (84 cents). There will also be no discrimination between men and women during recruitment, which will be based on merit and disregard any "blacklist" that exists. The decision led a number of protestors to resume work.

"We are hopeful that from tomorrow, it will be better," BGMEA director Mohiuddin Rubel told Sourcing Journal.

Still, there are the long-term effects of the turmoil to consider. Orders were already falling in Bangladesh because of the global downturn fueled by the war in Ukraine and shipping delays due to fighting in the Red Sea. Coupled with the effects of the nationwide curfew and communications blackout that Hasina's government imposed during its crackdown on students who were protesting quotas for public sector jobs, suppliers are falling into the red faster than ever, said one factory owner who asked not to be named because of potential backlash.

"Then there was a big flood and we couldn't ship any goods for maybe two, three days because the highway was flooded, and then we had no face to [show] the buyers," said the person, who makes clothing for retailers such as Walmart. "Even after so many extensions, we couldn't ship the goods. They started asking for discounts, for air shipments and even cancellations. Now we are also having unrest and the police is not as strong as before. I don't know how a lot of us will survive this time."

Walmart said in a statement that it hasn't changed its sourcing strategy in Bangladesh, contrary to a recent BBC story that said that it was swerving orders away from the country. Any movement of orders in or out of Bangladesh is a "standard course of business," it added.

Ali himself remains sanguine about conditions in Bangladesh. Speaking to a reporter before he gave his presentation, he said while there are some "scattered issues still going on," it's important to note that only 3 percent of factories are affected by the demonstrations.

"Ninety-seven percent of factories in Bangladesh are running," he said of the country's 4,000-strong arsenal. "This is a localized area-wide issue. We are hoping that in the next couple of days, it's going to be resolved."

Source: sourcingjournal.com– Sep 11, 2024

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Bangladesh: Textile millers want immediate improvement in gas supply

Textile millers yesterday urged the interim government to take immediate steps to improve gas and power supply to production units, as most are now running at only 30 percent capacity.

They also urged the authorities to restore law and order urgently as garment factories are facing challenges in running operations.

They demanded that yarn imports from India be stopped through all land ports as large quantities are entering without proper documentation and quality testing, deteriorating sales of the domestic primary textile sector, where $22 billion has been invested.

The millers said yarn imports can be allowed through the Chattogram port as it contains facilities for quality testing.

They also urged to stipulate that any yarn which is sought to be imported from India needs to undergo quality tests at the Bangladesh University of Engineering and Technology.

In most cases, double the quantity mentioned in letters of credit is being imported through misdeclarations, said leaders of the Bangladesh Textile Mills Association (BTMA) at a press conference at its office in Dhaka.

Over the last eight months, textile millers at Bhulta, Gausia, Rupganj and Narayanganj areas have been suffering a lot because of low gas pressure in the supply lines, said BTMA Vice-President Md Saleudh Zaman Khan.

The textile mills are being run with alternative fuels such as diesel, methane-based compressed natural gas and liquified petroleum gas, which is composed of propane, butane, propylene, butylene, and isobutane, he said. This is also increasing the cost of production.

The mills are running at only 30 percent capacity and falling behind in competition with Indian companies as the latter get adequate gas supply alongside government incentives, he added.

Moreover, gas prices in Bangladesh have been hiked by over 400 percent in the past 2-3 years, he said.

BTMA President Showkat Aziz Russell said they have already written to Muhammad Yunus, chief adviser to the interim government, to review whether Bangladesh is truly qualified to make the United Nations country status graduation from a least developed country to a developing nation in 2026.

This is because, during the tenure of the last government, state data miscalculations led to export figures being inflated by around $14 billion to nearly $48 billion in fiscal year 2022-23, he said.

He also urged banks to provide loan rescheduling facilities as businesses suffered due to political unrest over the past two months.

Moreover, the interim government should provide incentives to the primary textile sector to make the domestic industry more competitive, he added.

Russell hoped for improvements in the law and order situation, saying it was especially necessary for the smooth operation of garment factories. He and other BTMA members accused "outsiders" of recent vandalism at garment factories.

The BTMA leaders said no textile mill had been attacked so far, although hundreds of garment factories have been facing trouble for labour unrest over different demands.

Source: thedailystar.net– Sep 12, 2024

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Pakistan: The survival and growth of cotton

The Pakistan Central Cotton Committee (PCCC) stands as the nation's foremost authority on cotton research and development. It maintains the largest and most valuable gene pool (germplasm) in the country, essential for developing new, high-yielding cotton varieties. Additionally, PCCC is staffed by a cadre of highly qualified agricultural scientists and experts who are dedicated to improving cotton production and exploring innovative cultivation methods.

With research centers spread across Pakistan's four provinces, PCCC has the infrastructure to lead substantial advancements in cotton farming. Unfortunately, this potential remains largely untapped due to a lack of financial support from the textile industry. For years, the industry has shirked its responsibility of paying the cotton cess—a nominal fee of 50 PKR per bale—which is a crucial source of PCCC's funding. This persistent avoidance has severely undermined PCCC's ability to carry out its research, contributing to the overall decline in cotton production.

As the largest consumer of cotton, the textile industry bears a significant responsibility to invest in research and development that can revitalize the cotton sector. In a country like Pakistan, where cotton not only fuels the economy but also supports the livelihoods of millions of farmers, the textile industry must embrace its role in advancing the national interest. The potential for collaboration between the textile industry and PCCC is enormous.

If the industry works to strengthen PCCC's research capabilities, cotton production could see a significant boost in the coming years. Projections suggest that by 2026 or 2027, cotton output could reach 15 million bales, inching closer to Pakistan's full production potential of 18 million bales. Past efforts have proven the value of this partnership. When the textile industry supported PCCC's research endeavors, the country achieved a record production of 15 million bales, a clear testament to the power of industry and research working together.

The stance taken by the All-Pakistan Textile Mills Association (APTMA) in recent years is deeply concerning. Since 2016, APTMA has halted payments of the cotton cess, a move that has not only weakened PCCC but has also hindered the broader growth of the cotton industry. While larger textile groups can afford to import cotton to meet their production needs, this is not a sustainable solution. How long can the industry rely on imports? Will this temporary fix strengthen Pakistan's cotton sector in the long term? Moreover, small business owners and farmers, who cannot afford to import cotton, are facing increasing difficulties. For these stakeholders, increasing local cotton production is the only viable option, and that requires strong support for research institutions like PCCC.

The time has come for the textile industry to put aside short-term, individual interests and focus on the larger national interest. Building strong national institutions takes decades, not days. If the textile industry steps up to support PCCC now, the positive impact will ripple through the economy in the near future, benefiting both the industry and the country as a whole. In an agricultural nation like Pakistan, promoting cotton production is not just important—it is essential. The cotton industry cannot flourish without a strong foundation in research and development, and PCCC is the institution best suited to provide this foundation. If Pakistan is to increase its cotton output and ensure that its textile sector remains competitive in global markets, collaboration between the industry and research institutions is imperative.

In conclusion, it is vital to recognize that the success of the cotton industry and the textile sector is intrinsically linked. Without strengthening national research bodies like PCCC, the goal of increasing cotton production will remain out of reach. It is the responsibility of the textile industry to invest in research and development, not just for its own survival, but for the advancement of the entire nation's economy.

Now is the time to set aside individual interests and focus on the national interest, so that Pakistan's cotton industry can once again thrive and contribute meaningfully to the country's economic prosperity.

Source: brecorder.com– Sep 12, 2024

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NATIONAL NEWS

Trade Connect e-Platform for exports is single window, fast, accessible and transformational: Shri Piyush Goyal

The Trade Connect e-Platform is a single window initiative that is fast, accessible and transformational as it will enable exporters to add newer markets. This was stated by Union Minister of Commerce and Industry, Shri Piyush Goyal during the launch of the Trade Connect e-Platform today in New Delhi.

Shri Goyal said that our focus should be to identify the opportunities in the world market. He said that with the launch of this platform India will be able to increase its market share in the world, adding that international opportunities will be showcased on the platform.

Small FPOs, businesses and entrepreneurs will also be able to access this platform, learn of the Free Trade Agreement (FTA) benefits that are available to expand their trade, the Union Minister noted.

Shri Goyal expressed confidence that before the next trade board meeting, e-Platform 2.0 will be ready with enhanced features and stressed the need for working on the feedbacks received for the platform from all the users and stakeholders.

The Minister said that the newer version will be launched in Hindi and several other official languages to take its benefit to every region. He added that the Prime Minister Shri Narendra Modi’s government has consistently worked towards promoting regional languages.

Praising DGFT for enabling the launch of the platform, Shri Goyal said that the portal is futuristic in its thinking and adds to the accessibility of various information and data related to trade. He added that the platform is a better and smarter way for supporting exporters.

The Union Minister during his address reiterated his $1 trillion merchandise and $1 trillion services export target for 2030 and hoped that with the help of this platform this target would be achieved.

He added that the platform will help in creating partnerships and synergies as it can be connected with Open Network for Digital Commerce (ONDC), Government e-Marketplace (GeM) portal for the suppliers to get access to wider markets and be more competitive.

The Trade Connect e-Platform (https://trade.gov.in), is a new digital initiative aimed at transforming the landscape of international trade for Indian exporters, especially MSMEs (Medium, Small and Medium Enterprises).

The platform, developed in collaboration with key partners including the Ministry of MSME, EXIM Bank, Department of Financial Services (DFS), and the Ministry of External Affairs (MEA), is set to address information asymmetry by offering exporters comprehensive support and resources.

The Trade Connect e-Platform serves as a one-stop solution, providing exporters with near real-time access to critical trade-related information, while seamlessly connecting them to key government entities such as the Indian Missions abroad, Department of Commerce, Export Promotion Councils, and other trade experts.

Whether a seasoned exporter or a new entrant, the platform is designed to assist businesses at every stage of their export journey. This e-Platform shall connect more than 6 Lakh IEC holders, over 180 Indian Mission officials, over 600 Export Promotion Council Officials, besides the officials from DGFT, DoC, banks etc.

The platform offers a range of features aimed at simplifying the complexities of international trade, including - Product and Country guides for comprehensive market insights, Trade Agreements and Tariff explorer to unlock the benefits of Free Trade Agreements (FTAs), Global E-Commerce Guide for thriving in online markets, EXIM Paathshala to educate exporters on mastering global trade, source From India to showcase Indian products globally, Ask an Expert for real-time advice from trade professionals.

By leveraging this platform, our exporters will be able to access international markets more efficiently, utilise trade agreements, and grow their presence on the global stage. The economic outcome will likely include higher export volumes, diversification of markets, and increased global competitiveness for Indian businesses, leading to overall economic growth and enhanced trade opportunities.

This initiative aligns with the government's broader vision of promoting a Digital India, fostering greater transparency, and empowering businesses by providing them with seamless access to crucial trade information.

With the Trade Connect e-Platform, the Ministry of Commerce and Industry seeks to reduce the costs, lead times, and complexities associated with global trade, ultimately ensuring that Indian businesses can thrive in the international marketplace.

Source: pib.gov.in– Sep 11, 2024

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Why Europe's upcoming deforestation law will hack India's agri exporters

India is seeing a sudden spurt in export of certain goods to the European Union as a deforestation regulation that comes into effect from 2025 could block these goods from entering the bloc. Experts warn that a period of disquiet is around the corner for agri products.

Importers in the EU want to stock up on these goods before the EU Deforestation Regulation (EUDR) puts the onus on them to prove that these commodities don't contribute to destruction of forest land in the originating regions, says Anand Ramanathan, Partner and Leader-Consumer Products and Retail, Deloitte India, explaining the rise. Coffee exports to Europe have grown 72% in the first half of 2024 (January to June) from the year-ago period. Exports of cocoa products rose 350% and timber exports rose 12% in the same period as European buyers are building inventory, he says.

The EU Deforestation Regulation, adopted by the EU Council on May 16, 2023, requires companies trading in seven commodities (cattle, cocoa, coffee, oil palm, rubber, soya and wood) and its derived products to ensure that products imported into the EU have been grown on land that has not been deforested after December 31, 2020. The regulation prescribes fines of up to 4% of a company's annual turnover in the EU, as well as confiscation of product and revenues gained from a transaction. The new rules will apply to large firms from December 2024 and to small firms from June 2025. So Indian MSMEs have some time to adhere to the norms.

What deforestation regulation mandates

However, experts point out that Indian companies, especially the smaller ones, are in for a wallop when the regulation kicks in. The primary reason is a compliance mechanism that can be burdensome even for bigger players. Smaller vendors and exporters would have to jump through hoops to be EUDR compliant — and even then it would be difficult for them to meet all the criteria. Experts also say that some aspects of the rules are not clear, and that would also hurt Indian exporters.

Coffee exports to Europe have grown 72% in the first half of 2024 (January to June) from the year-ago period.

New Delhi-based Global Trade Research Initiative (GTRI) says the EUDR will hit India's agricultural exports to the EU — worth $1.3 billion in calendar year 2022. The key Indian products that would be affected are coffee (EU export value of $435.4 million); leather hides, skin, preparations (EU export value of $83.5 million); oil cake (EU export value of $174.5 million); paper, paperboard (EU export value of $250.2 million); and wood furniture (EU export value of $334.6 million).

India’s higher deforestation rate, when compared with competing countries, puts it on the back foot. “Even if the exporter is certain that a product is not grown on the deforested land, he still has to follow all elaborate compliance requirements. This is so different from quality standards, where quality of the final product alone matters,” GTRI adds.

Industry experts and stakeholders fear that the complex compliance requirements and the lack of clarity would force small and medium-sized exporters to stop exporting to the EU. “SMEs are in a tough spot. They face a lot of uncertainty on how to meet the compliance deadline,” says Shailesh Tyagi, Partner, Sustainability & Climate, Deloitte India.

Documentation barrier

All countries would have to carefully review their agricultural and commodity portfolios to ensure alignment with the new EU regulations, says Praveen Jaipuriar, CEO of Continental Coffee.

Though Indian coffee is predominantly grown on forest land, it might just slip through the EUDR net. “As the regulation applies only to areas deforested after 2020, much of India's coffee production should remain unaffected,” he explains. Nevertheless, the regulation needs greater clarity to ensure businesses can comply with the rules and demonstrate their commitment to sustainable practices, he adds.

India exports 51% of its coffee products to the EU. Timber trade, too, faces trouble as 20% of the exports go to the bloc.

The demand for certified timber will shoot up, says Jay Deepak Shah, CEO & Managing Director, Jay Wood Industry. “Countries that can readily supply certified, traceable timber will gain a competitive advantage. Those struggling with certification may lose market access,” adds Shah. It will also drive sustainable forestry practices.

In agri products, Tyagi says, it is already tough to collect and verify geolocation data when dealing with smaller or mixed-size plots. “Many small-scale farmers may not have access to advanced tools like GPS or satellite imagery to precisely define land boundaries or prove historical land use. In cases where land has been farmed for decades or even generations, there may be a lack of formal documentation or records to confirm that the land was not deforested before 2020. This highlights how compliance with EUDR could place a disproportionate burden on small farmers, who lack resources,” he explains.

Ramanathan explains that traceability necessitates comprehensive documentation and tracking of products throughout the supply chain to demonstrate they are deforestation-free. But there are no standardised data collection and reporting systems. “Integrating advanced technologies such as blockchain and satellite monitoring for traceability involves significant costs and logistical hurdles. This is burdensome for exporters. SMEs and businesses operating in fragmented supply chains will feel the pain more. All these will hamper the competitiveness of exporters,” explains Ramanathan.

The domestic paper industry is also bracing for a hit as the EU makes up 9-10% of India’s paper exports.

The industry says EUDR in itself is not worrisome as the companies use wood grown under agroforestry or farm forestry regulations. So paper production does not lead to deforestation. Also, the exporters already require the certification of either Forest Stewardship Council or Programme for the Endorsement of Forest Certification. “But EUDR goes beyond these to make exports to the EU expensive due to the high compliance cost,” says Rohit Pandit, Secretary General, Indian Paper Manufacturers Association (IPMA).

The main additional requirement under EUDR is geolocation of all plots of land and the production dates, he explains. Operations will have to change significantly by using advanced technology, overhauling documentation processes and improving supply chain visibility.

Shah of Jay Wood Industry explains that under EUDR, exporters would have to keep detailed records of when timber was harvested and produced. All these mean having a robust IT infrastructure, and documentation and verification process. Exporters may also need to collaborate with third-party auditors or certification bodies to verify compliance with EUDR requirements.

Implications on India

India lost a lot of forest land before 2020, says the GTRI. While the EU rule does not cover the deforestation before this year, the way the Indian government classifies certain land parcels could pose a problem.

The country has been losing its natural forests to plantations. But the government doesn't distinguish between natural forests and plantations when assessing forest cover, it explains. The regulation would consider plantation land as deforested land, which means the EU will ban products from such land, it adds.

Tyagi says the EUDR also creates confusion around which certification types are acceptable and how recycled materials should be treated. “The compliance is particularly complex for those dealing with composite products and wood fibre-based packaging.” This is because the EUDR is ambiguous about packaging placed on the market as a standalone product and packaging used exclusively to support, protect or carry another product.

If wood fibre-based packaging (HS code 4415) is placed on the market or exported as a product in its own right (standalone packaging), it is considered a "covered product" under the regulation, explains Tyagi. “However, if the packaging is used solely to support or carry another product, it is not classified as relevant.

This creates confusion for businesses that deal with both standalone and product-support packaging, as it is unclear in some cases how the regulation will apply. Without clearer guidance, businesses risk misclassifying their products and potentially facing compliance challenges or penalties.”

Classification problem for SMEs

The EUDR applies to all products placed on the market from December 30, 2024, but SMEs have until June 30, 2025, to comply.

The regulation defines SMEs as medium-sized enterprises with a turnover of less than €40 million or a balance sheet of less than €20 million, and having an average of 250 employees in a financial year. Small enterprises are those with a turnover of less than €8 million or a balance sheet of €4 million.

This definition does not fit the Indian context, points out Tyagi. “For instance, according to India’s MSMED Act, 2006, investment in plant and machinery or equipment should not exceed Rs 1 crore (approximately €120,000) and turnover should not exceed Rs 5 crore (approximately €600,000) for an enterprise to be classified as a micro enterprise. For small enterprises, the investment limit is Rs 10 crore (approximately €1.2 million) and turnover limit is Rs 50 crore (approximately €6 million). For medium enterprises, it is Rs 50 crore (approximately €6 million) and Rs 250 crore (approximately €30 million), respectively.”

The EUDR applies to all products placed on the market from December 30, 2024, but SMEs have until June 30, 2025, to comply.

So many Indian companies classified as medium or even large could fall under the EUDR’s SME category. “The risks of non-compliance are severe, including hefty fines and market bans. So thorough due diligence is crucial. High-risk products will face even more scrutiny,” says Tyagi.

He points out that the European Commission’s impact assessment estimates that compliance-related costs for companies due to the EUDR could range between $170 million and $2.5 billion annually.

What can be done?

Ajay Srivastava, the Co-Founder of GTRI, says the EU will now start classifying countries as low, standard or high-risk, and subject incoming goods to stricter checks. The regulation is a non-tariff barrier that is incompatible with World Trade Organization (WTO) rules, says a report released by the think tank.

But businesses would have to be ready to face more such rules as environmental concerns become more prominent.

Manasvi Srivastava, independent trade expert, sees such rules as inevitable as international trade becomes more sensitive to environmental concerns and climate change. “The EUDR, applying to natural products, runs parallel to measures that apply to some manufactured products, like the Carbon Border Adjustment Mechanism (CBAM). We will see more such actions in the near to mid-term as environmental concerns will hold primacy over freedom to trade," he says.

Some of these commodities and related products would become more expensive as there will be a scarcity of products that can comply with these rules. A decrease in legitimate supply will increase illegitimate trade as many buyers will find ways to circumvent the regulations, he says. That could lead to other issues. "It would be worthwhile for the EU to engage with supplier countries to arrive at practical and mutually acceptable means of certifying environment-friendly trade, instead of implementing such tough regulations," adds Srivastava.

The government would have to invest in new technologies that enhance supply chain transparency and accountability. For instance, Indonesia has developed a national dashboard for sustainable commodity data and information to meet the EUDR requirements.

Sanjay Notani, Partner, Economic Laws Practice, says there's a strong case for government intervention to advocate for clearer guidelines and to provide financial and technical support if Indian exporters have to maintain their competitive edge in the EU market. In the meanwhile, businesses should start seeking third-party certifications to streamline the compliance process.

"Countries should pinpoint the vulnerable product portfolios and assess the potential impact on their export markets. That way they can enhance compliance, explore alternative markets, and adjust their economic strategies to minimise disruptions," adds Notani.

Source: economictimes.com– Sep 11, 2024

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ONDC launches app to help consumers shop on the network

In a bid to raise awareness on how consumers can shop on the Open Network for Digital Commerce (ONDC), the network has launched an app.

The app 'ONDC Network: How to Shop' , available on Playstore and IOS, intends to serve as a gateway for consumers to discover and access various shopping applications, known as 'buyer apps'. This comes at a time when the ONDC targets to enable 30-40 million monthly transactions by FY25-end.

T Koshy, MD and CEO, ONDC, told businessline, "When consumers hear about ONDC, they wonder if they can download an app to shop. There is, in this early stage of the establishment of the network, a lack of awareness about how to shop leveraging the network because the consumers are used to downloading apps or going to a site for shopping. That has been a challenge. So, we decided to launch an app that helps the consumer discover various buyer applications in the network and choose convenient apps to make their purchases."

Since launch, the network has been attempting to explain to stakeholders that ONDC is not an application platform, intermediary or software but a set of applications designed to foster unbundled and interoperable open networks. Now, it hopes to bridge the awareness gap with this app.

Categorisation

"ONDC Network has multiple shopping applications to help shoppers buy the products and services of their choice. Different shopping applications have enabled different categories. This app helps consumers to identify which shopping applications have enabled the category they are interested in," says the app's homepage.

The app lists various categories of products and services available on the network, such as food and beverages, grocery, fashion, home and kitchen products, travel tickets, loans, investments, and insurance, among others. Once consumers click on the category of product or service of choice, the app lists the shopping applications and their respective links, which redirects to the respective buyer apps.

In August, ONDC enabled about 12.6 million transactions. Koshy said the network has seen a rise in transactions beyond mobility and restaurant ordering segments. He said categories such as grocery, fashion, beauty, personal care and home decor, among others, have been gaining traction on the network.

Multilingual reach

Meanwhile, ONDC on Wednesday also announced that it has partnered with Bhashini to launch Saarthi, a multilingual reference B2B app that can assist businesses in creating a customised buyer-side apps and overcome language barriers in digital commerce. “Developed together with Bhashini — an AI-driven language translation tool, Saarthi provides a framework to network participants that enables seamless integration with ONDC, offering advanced multilingual capabilities for a more inclusive digital commerce experience,” it said. The application initially supports Hindi, English, Marathi, Bangla and Tamil, with plans to scale up to all the 22 languages provided by Bhashini.

“The multilingual features of Saarthi, including real-time translation, transliteration, and voice recognition allow businesses to expand market reach, enabling companies to tap into new regions and increase customer acquisition,” it added.

Source: thehindubusinessline.com– Sep 11, 2024

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Indian importers favour FX options as rupee holds steady, premiums soar

Indian importers are exploring options strategies to hedge against currency risks amid muted volatility in the rupee, moving away from outright forwards that have become expensive, traders said.

Premiums, which reflect the interest rate differential between the United States and India, have surged as the Federal Reserve is expected to embark on a rate-cutting cycle, starting next week.

"With forward premiums up significantly, we are recommending to importers to consider option structures," Samir Lodha, managing director at forex advisory firm QuantArt Market Solutions, said.

The dollar/rupee 1-year forward premium has jumped nearly 75 basis points in the last two months to a 16-month high, making it costlier to hedge future foreign currency payments.

With premiums high and volatility low, using options structures such as capped forwards is recommended, according to QuantArt's Lodha. The cost of using a capped forwards is about 55%-65% lower than using forwards.

Such structures would, for instance, allow importers to lock in an FX payment due in six months at the dollar/rupee spot rate of 83.96 but the protection would be valid only until 85, Lodha said.

This is where the relative stability of the rupee helps, as the probability of a large depreciation in a short span of time is low.

India's central bank, which is active on both sides of the forex market - buying and selling dollars, has quashed volatility, making the rupee among the least volatile currencies in Asia.

"Both implied and realised volatility for USD/INR remain extremely low, leading importers to use option structures such as seagulls, knockouts, and range forwards for better payoff in the current market environment," Ashhish Vaidya, managing director and treasurer, global financial markets at DBS Bank India, said.

A knockout allows the importer to buy dollars at a better rate than in the forward market, but this benefit ceases if the rupee depreciates past a predetermined level.

"There is no denying that higher premiums are deterring importers from hedging in the forward market", leading to enquiries for option structures which are low-cost, an FX salesperson at a bank said.

Source: economictimes.com– Sep 11, 2024

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Centre positive on increasing support prices of soybean, cotton: Ajit Pawar

Maharashtra Deputy Chief Minister Ajit Pawar on Wednesday said the Centre was positive on increasing minimum support prices of agriculture products like soybean, cotton and granting permission for their export. Pawar, who holds the finance and planning portfolio, asserted the central and Maharashtra governments will take a strict stance on preventing frauds and ensuring farmers receive appropriate compensation from crop insurance companies. "Due to the state's goal of large-scale solar energy production, farmers' agricultural pumps would receive daytime electricity," he said. Pawar said a delegation of state ministers will call on the Centre to seek support prices and export permission for soybean and cotton.

The deputy CM was speaking at a meeting with farmer representatives in Mantralaya (state secretariat) in south Mumbai. The stance of both the state and central governments was that farmers should get adequate compensation for damage to their crops. The Centre has expressed its willingness to increase the minimum support price (MSP) for soybean and cotton, and to permit their export, he told the gathering. A proposal to increase the MSP for sugarcane was under consideration.

To prevent farmers from becoming victims of frauds by insurance firms, Union Agriculture Minister Shivraj Singh Chouhan has taken a strict stance, and its positive effects will soon be seen, Pawar emphasised. With the state targeting production of 11,500 megawatts of solar energy, the path for agricultural pumps to receive daytime electricity will be cleared, said the finance minister.

Obstacles preventing eligible beneficiaries under the Mahatma Jyotirao Phule Scheme from receiving debt waiver benefits will be removed by September-end. A delegation of state ministers will meet with central marketing, cooperation, and agriculture ministers to address farmers' demands and pending issues, Pawar informed the meeting.

The central government has decided not to impose a ban on onion exports, he said. The process to transfer funds to eligible loan accounts under the Mahatma Jyotirao Phule Farmer Loan Waiver Scheme, which faced technical issues at the bank level, is in its final stage, Pawar said. Those farmers who received lesser amounts due to incorrect information from the bank are being reviewed, and the full payments will be transferred to their accounts.

Discussions have taken place with the central agriculture minister regarding crop insurance, he emphasised. Talks with representatives from insurance companies will be held to reach a farmer-friendly solution. Surveys are being conducted for damage caused by heavy rains to crops and farmland during the kharif season this year, said the deputy CM. "Every effort is being made to ensure no affected farmer is left without assistance," Pawar insisted.

Discussions will be held with Union Cooperation Minister Amit Shah and Chouhan regarding pending agricultural subsidies, minimum support prices for agricultural products and other related issues, Pawar told the gathering. The process of distributing subsidies for farm wells, drip and sprinkler irrigation, fruit orchards, and irrigation was underway, he said.

Source: business-standard.com– Sep 12, 2024

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