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USD	EUR	GBP	JPY
83.64	93.11	110.71	0.59

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

2024 UK manufacturing to grow 0.5%, textile output to dip 7.7%: Survey

UK manufacturers are yet to see an immediate boost from a change of government, but are hopeful of an improvement to overall economic prospects from a period of greater political stability, according to the Q3 (third quarter) Manufacturing Outlook survey published by Make UK, which represents UK manufacturers, and business advisory firm BDO.

It shows that while growth in manufacturing continues to be anaemic at best, almost 58 per cent of the companies believe that the recent change in government will lead to better economic growth overall in the next 12 months. In contrast, just 6 per cent of companies expect gross domestic product (GDP) to decline this year.

As a result, Make UK has upgraded its forecast for the economy overall in 2025 from 0.8 per cent to 1.8 per cent.

Make UK projected that manufacturing will grow by 0.5 per cent this year and 0.8 per cent in 2025. This is a downgrade from 1.2 per cent forecast in the last quarter, but is due to revisions by the Office of National Statistics on which the forecasts are based. GDP is forecast to grow by 1.1 per cent this year and 1.8 per cent in 2025.

The manufacturing output of the UK textile sector is projected to drop by 7.7 per cent in 2024 and by 2.9 per cent in 2025.

The survey backs the improved picture looking forward although current conditions are weaker. While the balance on output decreased from plus 9 per cent in Q2 to minus 2 per cent, it is forecast to jump to plus 33 per cent in the next quarter.

Total orders are following a similar pattern, decreasing from plus 14 per cent in Q2 to plus 7 per cent and then also jumping to plus 33 per cent in the next three months.

Export orders (plus 11 per cent) exceeded UK orders (minus 4 per cent), but the pattern since the pandemic when UK orders have consistently exceeded export orders is forecast to resume in the next quarter at plus 27 per cent and plus 26 per cent respectively.

Recruitment intentions turned negative for the first time in four quarters decreasing from plus 26 per cent to minus 1 per cent. However, intentions are projected to jump in the next three months to plus 22 per cent as companies take on staff to meet the expected increase in demand and better economic outlook, a release from both the organisations said.

Business confidence has also risen to equal the highest level recorded since the survey started measuring the indicator in 2014. The only previous occasion was during the immediate post-COVID rebound. Investment intentions moderated, however, from plus 15 per cent to plus 11 per cent.

The survey covered 307 companies.

Source: fibre2fashion.com– Sep 19, 2024

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EU's T&A exports continue to decline in H1, 2024

Following a 3 per cent contraction in 2023, textile and apparel exports (T&A) by the European Union continued to decline in H1, 2024. EU's apparel exports declined by 3 per centto €17.8 billion in H1 2024. The decline affected most regions, except Asia, where exports grew by 10 per cent to €4.8 billion, according to data from the French Fashion Institute (IFM). Despite an 18 per cent declined, Switzerland remained the top export destinationfollowed by the UK where apparel exports declined by 5 per cent and the USwhich recorded a 1 per cent drop in apparel exports.

EU's apparel exports to China increased by 21 per cent, while Hong Kong recorded an 11 per cent increase. Other notable markets which registered a growth in apparel exports included Macau, where exports grew by 28 per cent and the UAE which recorded an 18 per cent rise in exports. However, EU's apparel exports to Singapore fell by 23 per cent, Canada by 16 per cent, and Australia by 16 per cent.

Meanwhile, EU's textile exportsdropped by 4 per cent in H1 2024. The US remained the leading textiles market with a nominal 1 per cent decline in exports. This was followed by the UK where exports dropped by 11 per cent and China which registered a 14 per cent rise in exports. Textiles exports to India grew significantly by 36 per centwhile exports toVietnam grew by 20 per cent and exports to Russia plummeted by 27 per cent.

On the other hand, apparel imports by the EU fell by 6 per cent to €38.4 billion in H1,FY2024.Imports from the EU's largest supplier, Asia, decreased by 5 per cent. Imports from Myanmar, Macedonia, Switzerland, and Tunisia each fell by 16 per cent, while Morocco's imports remained stable. In contrast, imports from Egypt and the USrose by 18 per cent and 8 per cent, respectively.

Textiles imports by the EU also dropped by 8 per centto €15.6 billionin H1 2024. Imports from Asia fell by 8 per cent while imports from Israel declined by 31 per cent, from Taiwan by 22 per cent and from South Korea by 20 per cent. Serbia and Morocco were the only top 20 sourcing countries to report growth in textiles imports during the period.

Source: fashionatingworld.com– Sep 19, 2024

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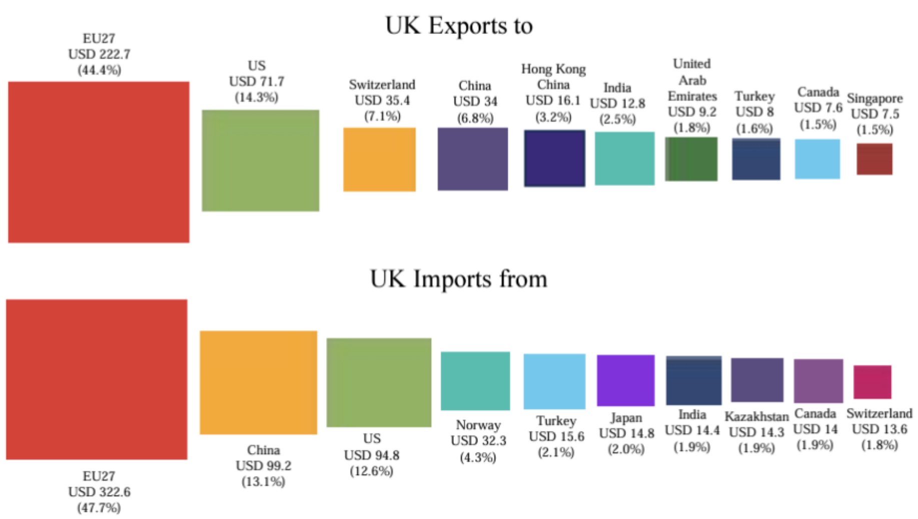
In data: UK apparel exports drop on negative impact of EU-UK trade deal

The report titled 'Unbound: UK Trade Post Brexit' highlights a 33% reduction in the variety of goods exported with sectors like textiles, clothing and materials being the most affected.

Researchers assessed the impact of the UK-EU Trade and Cooperation Agreement by analysing monthly UK-EU trade data from January 2017 to December 2023, comparing pre and post-January 2021 figures when the TCA took effect.

The analysis revealed a 27% decrease in UK exports and a 32% fall in imports from the EU.

Figure 1. UK Trade Partners, by Trade Values, 2023



Lead author Professor Jun Du of Aston University said: "The Trade and Cooperation Agreement introduced substantial barriers and there are ongoing and marked declines in the value and variety of UK exports and imports. Without urgent policy interventions, the UK's economic position and place in the global market will continue to weaken."

UK-EU TCA: a defining partner in UK's trade

The UK-EU TCA redefined trade and investment rules and market access between the UK and the EU. Since it came into force, the UK government has negotiated several trade agreements, but the EU remains the UK's largest trade partner.

Moreover, exports across most sectors have declined since January 2021, with agrifood, textiles, clothing, and material-based manufacturing being particularly affected.

Imports have also decreased in value and variety for most sectors, notably agri-food products, optical goods, textiles, and materials. However, some sectors, such as ships and furniture, have seen increased import variety.

The report argued the large variations across different goods categories and EU trade partners underscore the uneven effects of Brexit and the TCA on UK-EU trade dynamics, highlighting the need to "understand the nuances and come up with tailored strategies that address the unique challenges of each sector within the new regulatory environment."

The researchers make recommendations, outlining how sector-specific negotiations, streamlining customs procedures with digital technologies and reducing regulatory divergence could mitigate some of the impacts.

Co-author Dr Oleksandr Shepotylo noted: "Our findings indicate a decoupling of the UK from key EU final goods markets, accompanied by a shift in UK supply chains toward geographically closer EU trading partners for exports and smaller countries for imports. This shift raises concerns and underscores the urgent need for a strategic reconfiguration of UK supply chains to maintain competitiveness."

"The TCA has increased non-tariff measures (NTMs) and addressing these through targeted improvements is crucial for maintaining UK business competitiveness in the European market. A comprehensive, multi-faceted approach is essential," he added.

Source: just-style.com– Sep 19, 2024

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LA Port, CMA CGM Say East Coast Strike Unlikely to Pose West Coast Port Disruptions

Top execs at the Port of Los Angeles and container shipping giant CMA CGM want to dispel the idea that an East and Gulf Coast port strike would result in major disruptions on the West Coast if freight was diverted in its direction after Oct. 1.

There are concerns that workers on the West Coast ports will briefly walk off the job in solidarity with the International Longshoremen's Association (ILA) if they strike, or opt not to work on ships if they are diverted away from the East and Gulf Coast.

"I don't have any evidence right now of cargo ships taking a left-hand turn that normally go to an East or Gulf Coast port and coming here to the west or specifically Los Angeles," said Port of Los Angeles executive director Gene Seroka at a media briefing Wednesday. "There has been a decades long tradition between labor organizations that one will not take advantage of another's collective bargaining process. This hasn't happened since the 70's. I don't see it happening again."

When asked about contingency plans in the event of a strike, George Goldman, the North America president of CMA CGM, backed up Seroka's assertion.

"As Gene alluded to, there are zero ships that I'm aware of that will be diverted to the West Coast as of right now," Goldman said. "Within our global network, we have existing ships that are somewhere else that are currently going to the West Coast. Cargo may flow from an origin point there, but not diverted."

Goldman was blunt about the impacts of a potential port strike.

"One day is too long," Goldman said. "The moment you close the door, things begin to back up."

As the contract expiration nears, cargo certainly has been flowing into the West Coast ports at a frenetic pace.

The Port of Los Angeles processed 960,597 20-foot equivalent units (TEUs) in August, up 16 percent from the prior year as more cargo continues to flow into West Coast ports. The TEUs signal the San Pedro Bay port's busiest non-pandemic month ever.

Loaded imports helped prop up the container total at 509,363 TEUs, an 18 percent increase compared to the previous year.

Loaded exports came in at 121,744 TEUs, a slight drop of 3 percent compared to year-ago month. The port has plenty of empty containers because of the deluge of freight entering its gateways, having processed 329,491 empty containers, a 22 percent jump compared to 2023.

In the event of a strike, the port can handle the excess cargo, said Seroka, who noted that the port is currently running at about 80 percent capacity of 1.2 million TEUs.

Overall, the port has moved 6,631,688 TEUs the first eight months of 2024, a 17 percent increase over the 2023 mark.

The L.A. port's sister hub, the Port of Long Beach, had an even bigger flurry of goods entering its terminals at 913,873 TEUs, topping August 2023 totals by 34 percent. Imports carried that number as well, with a 40 percent escalation to 456,868 TEUs.

Seroka said he expects September to also drive more than 900,000 TEUs.

"After that, it's possible that some of the early front-loading of cargo over the past several months could impact Q4 volume," Seroka said.

Aside from the labor concerns, Goldman said the ocean freight company is bullish on the fourth quarter, based on the recent retail sales numbers and Thursday's news of mortgage rates falling to a two-year low and a 50 percent basis-point cut in interest rates.

Carriers hit shippers with fees for East Coast shipments

As concerns about an impending work stoppage haunt the industry, ocean carriers are starting to slap shippers with new charges to recoup the potential losses of not being able to dock at an East or Gulf Coast port.

At the beginning of September, Mediterranean Shipping Company (MSC) told customers it would apply an emergency operations surcharge of $1,000 per TEU and $1,500 per 40-foot container starting on the Oct. 1 strike date. This would be tacked on all shipments from Europe to the East and Gulf Coasts, as well as to ports in the Caribbean, Mexico and Canada.

CMA CGM will potentially charge even more per TEU, with the French carrier pricing $1,500 per 20-foot container for import shipments into the ports impacted by a strike. Export shipments would be subject to local port charges of $800 per TEU and $1,000 per 40-foot container. It is possible those charges don't actually go into effect, because they will be applied on Oct. 11.

The delayed date is likely a byproduct of U.S. federal maritime regulations, which require carriers to notify shippers of new price hikes and surcharges at least 30 days before they go into effect.

On Wednesday, Hapag-Lloyd debuted a new work disruption surcharge of its own, which will apply for imports to the East and Gulf Coast from all ports in North Europe, the Mediterranean, Africa, the Middle East, the Indian Subcontinent, Oceania and Latin America. Like MSC, the charge is $1,000 per TEU. The fee will go into effect Oct. 18.

Source: sourcingjournal.com– Sep 19, 2024

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USA: Value Consumers: Some Are Trading Down, But Others Are Trading Up

Consumers are on the hunt for value wherever they can find it.

The good news is that consumers are still spending, even as some continue to shift where they are handing over their hard-earned dollars. The U.S. Commerce Department last month upgraded its U.S. GDP estimate to an annual rate of 3 percent in the second quarter. The revised GDP for the first quarter was an increase of 1.4 percent. The significant change from quarter to quarter reflected, in part, increases in consumer spending.

"Solid consumer spending meant firms also grew more profitable in the second quarter," Wells Fargo economists Tim Quinlan and Shannon Seery Grein noted in a research note. "While the slower pace of hiring signals some hesitation among businesses to take on additional help, continued consumer resilience, even as households are growing a bit more choosy in their purchases, is boosting profitability and allowed for continued growth through the first half of the year."

Where consumers appear to be shifting their purchases—it remains a mixed bag—was noted by several retail CEOs during company conference calls last month when they posted second-quarter earnings results. Burlington Stores CEO Michael B. O'Sullivan suggested that as some lower-income shoppers have seen as easing of inflationary pressures, they could be choosing to increase their discretionary spend at retailers such as Burlington where there may be a perception of better value for the dollars spent.

"As inflation has moderated, the situation for lower-income shoppers has somewhat improved. In parallel, economic pressure and uncertainty has spread and broadened well beyond lower-income shoppers," Burlington Stores CEO Michael B. O'Sullivan told analysts. "There is now greater focus on value across demographic groups and income bands. This greater focus on value is helping our business."

The off-price retailer reported net income that more than doubled to $73.8 million, or $1.15 a diluted share, on total revenue that rose 13.4 percent to $2.47 billion, which included a 13.4 percent rise in net sales to $2.46 billion. Comparable store sales rose 5 percent.

O’Sullivan also said that the off-pricer’s focus on improving the mix of better brands has also helped to drive increased trade-down traffic to the company’s stores.

Mass discounters such as Walmart and Target have also focused on rolling back prices on many items, a move that could attract back shoppers who had traded further down on the retail totem pole.

“We continue to gain market share, including in general merchandise, and transaction counts and unit volume are up across markets,” Walmart CEO Douglas McMillon said. He noted that around the world, the discounter’s customers want value. “In Walmart U.S., we have more than 7,200 rollbacks across categories,” he said. “Customers from all income levels are looking for value, and we have it.”

He also said value matters to everyone, regardless of income level, as well as a behavior difference in the lower income cohort. In addition to a greater focus on opening price points and a different end-of-month behavior, “they still need us for general merchandise price points,” McMillon said.

The CEO also emphasized that Walmart is working with branded suppliers on pricing. He said that some have lowered pricing, but others “are still talking about cost increases, and we’re fighting back on that aggressively because we think prices need to come down.”

Walmart’s CFO John David Rainey told investors that the retailer is focused on everyday low prices and managing U.S. pricing aligned to competitive price gaps. He said that while upper income households continue to account for the majority of gains, the retailer is seeing higher engagement across income groups as it grows “sales and share among middle- and lower-income households.”

Target’s chairman and CEO Brian C. Cornell said the retailer “reduced prices on about 5,000 frequently purchased items in many markets, and we saw an acceleration in both our unit and dollar sales trends in these businesses.”

Cornell also said some shoppers are delaying purchases until the moment of need, focusing as well on the discounter’s “low everyday prices, including our recent price reductions on frequently purchased items.”

Newly-named chief commercial officer and executive vice president Rick Gomez told analysts that its customers are still “willing and able to spend,” although they’re also “still being choiceful.”

Gomez also spoke about value and getting fashion and newness right: “Yes, they’re budget conscious. And yes, they’re hunting for deals and everyday value. But they’re also willing to shop when they find that right combination of fashion and newness at the right price.”

Target’s apparel assortment a posted low single-digit comp growth in the quarter, helped by newness in the range of offerings and in its performance category. Another highlight was the company-owned women’s contemporary brand Wild Fable and the relaunch of Target’s sleepwear line Auden.

Earnings reports from the dollar stores indicate that they’re starting to feel some shifts as their low-income customers pull back on some spending. With the rollback on prices from the mass discounters, it could be that middle- and upper-income consumers who traded down, as well as shoppers in the upper range of the low-income cohort, were taking a second look elsewhere as price rollbacks gave the perception of better value. For many shoppers, perceived value isn’t based just on price, but could include a combination of other factors, such as convenience, assortment mix, and merchandise availability.

Dollar General posted a 20.2 percent decline in net income to $374.2 million, or $1.70 a diluted share, on a net sales increase of 4.2 percent to $10.21 billion. Same-store sales rose 0.5 percent, below company expectations. The comps increase was driven by a 1 percent growth in customer traffic that was partially offset by a 0.5 point decline in the average transaction amount, driven by lower average unit retail price per item, said Todd J. Vasos, Dollar General Corp.’s CEO.

“The comp sales increase was driven entirely by the growth in our consumable category as customers continue to focus their spending on the items they needed most for their families. This growth was partially offset by declines in our seasonal, home and apparel categories,” Vasos said. He said the retailer’s core customer is predominantly from households with annual incomes of less than $35,000. Higher prices, softer employment levels and increased borrowing costs have negatively impacted sentiment for this consumer cohort.

"In our latest survey, 25 percent of our customers surveyed noted they anticipated missing a bill payment in the next six months," he said. "While middle and higher-income households are seeking value as well, they don't claim to feel the same level of pressure as low-income households." Vasos also told analysts that the company will be increasing the level of markdown activity "in an effort to support our customers, further drive customer traffic, and improve sales."

Michael C. Creedon, Dollar Tree's chief operating officer, said sales came in toward the low end of the retailer's outlook range, with Family Dollar's comp in-line, and Dollar Tree's comp positive but lower than expected. Over the last several quarters, demand from Family Dollar's lower-income customer remains weak. Dollar Tree's broader customer base has more middle- and upper-income households. But in the second quarter, the retailer "started to see inflation, interest rates, and other macro pressures have a more pronounced impact on the buying behavior of these customers," he said.

According to Creedon, the middle-income customer, and those with annual household incomes greater than $125,000, shifted to buying for need versus buying for want. Price sensitivity on big-ticket items was the first clue, and as people tighten their belts, they are also behaving differently. People celebrating with a party this summer hosted few guests and had fewer parties. "When we look at all those things together, that really pressured us," he said.

But even though consumers are spending more mindfully, Dollar Tree is holding its own with growing traffic. "We see we're growing traffic. We see the 2.8 million new customers we've added," the chief operating officer said.

Creedon said the company has reopened 85 former 99-Cents Only locations, 20 more this week and the balance of 56 doors by the end of the year. He also noted that while shrink has been a consistent problem, that appears to be stabilizing as the targeted actions and strategies to combat the problem has helped the quarterly shrink rate.

"We are running ahead of shrink expectations at Family Dollar and still have some additional work to do at Dollar Tree," he said, noting the new shrink challenges that have come up following the introduction of more high-value, multi-price products to the assortment." Creedon added that apparel was among the best-performing categories in the quarter at both banners.

For the second quarter ended Aug. 3, Dollar Tree posted a 33.9 percent decline in net income to $132.4 million, or 62 cents a diluted share, on a 0.7 percent revenue increase to $7.38 billion, which included a 0.7 percent increase in net sales to $7.37 billion.

Source: sourcingjournal.com– Sep 19, 2024

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Sri Lanka's manufacturing PMI 55.5 in Aug; signals activity expansion

Sri Lanka’s purchasing managers’ index (PMI) for manufacturing was 55.5 in August this year, indicating an expansion in manufacturing activities, but at a slower rate compared to the previous month.

All the sub-indices, except for employment, remained above the neutral threshold in the month, a Central Bank of Sri Lanka press release said.

The expansion in new orders and production was mainly driven by the manufacture of food and beverages sector. Further, stock of purchases expanded during the month in line with the new orders and production.

The employment sub-index decreased month on month in August and suppliers' delivery time continued to lengthen.

Expectations for manufacturing activities over the next three months remained positive, primarily due to the optimistic outlook on year-end seasonal demand, in spite of election-related uncertainties.

Source: fibre2fashion.com– Sep 20, 2024

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Pakistan: Textile industry will have to import $5bn cotton amid drop in production

The 64 percent drop in cotton arrivals at the ginning stage has alarmed the export-oriented textile industry, which now faces the prospect of importing cotton and yarn worth $5 billion in FY25 to maintain current export levels.

“We will need to import 9-10 million bales of cotton and yarn, costing $5 billion in foreign exchange, to keep the textile units operational and meet export orders,” senior officials at the commerce ministry told The News.

A significant number of textile units have already shut down, primarily due to an electricity tariff exceeding 15 cents per unit — the highest in the region.

With the shortage of domestic cotton and high cost of electricity, textile exports are unlikely to surpass the $16.65 billion recorded in FY24. The textile sector accounted for 54.29 percent of the country’s total exports, which stood at $30.676 billion in FY24.

The rural economy has been severely impacted, as farmers were discouraged from growing cotton on a larger scale after failing to receive the promised price from the government for their bumper wheat crop.

This has resulted in cotton production falling short, with a massive deficit of 10 million bales, forcing the textile industry to rely heavily on cotton and yarn imports for value-added products.

With rural areas producing just five million bales, the decline has led to massive unemployment, exacerbating hardships for rural communities. “For every rupee invested in the rural economy, there is a fivefold impact on the national economy,” the officials added.

According to the Pakistan Cotton Ginning Association (PCGA) report released on September 15, 2024, cotton arrivals at ginning factories in Sindh have dropped by 62.63 percent, while in Punjab, cotton arrivals have plummeted by 65.13 percent.

The flow of seed cotton at the ginning stage has shrunk to nearly one-third of last year's volume. Total cotton arrivals have fallen to 1.434 million bales in the first half of this month, compared to 3.933 million bales during the same period last year — a staggering decline of 64 percent.

Six districts in Punjab reported zero cotton arrivals, an unprecedented decline in production. Not a single district recorded an increase in cotton arrivals, as per the PCGA report.

Factors behind this sharp decline include climate change, low lint prices, poor-quality seeds and high input costs, according to a cotton grower.

Source: thenews.com.pk– Sep 20, 2024

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NATIONAL NEWS

PM Modi to attend 'Vishwakarma' event; lay foundation stone of textile park in Maharashtra

Mumbai, Prime Minister Narendra Modi will visit Maharashtra on Friday to attend an event in Wardha marking the first anniversary of the 'PM Vishwakarma' scheme and lay the foundation stone of a textile park that will come up in Amravati.

During the 'PM Vishwakarma' programme to be held in Wardha around 11.30 am, PM Modi will release certificates and loans to the beneficiaries of this scheme, an official release said.

The central scheme was launched on September 17 last year to provide end-to-end support to artisans and craftspeople who work with their hands and tools.

The PM will distribute credit under the scheme to 18 beneficiaries under 18 trades. As a tribute to their legacy and enduring contribution to society, he will release a commemorative stamp to mark one year of progress under the programme, it said.

Modi will lay the foundation stone of a 'PM Mega Integrated Textile Regions and Apparel (PM MITRA) Park' that will come up in Amravati.

The 1,000-acre park is being developed by the Maharashtra Industrial Development Corporation (MIDC) as the state implementation agency. The central government has approved seven PM MITRA Parks for the textile industry.

PM MITRA Parks are a major step forward in realising the vision of making India a global hub for textile manufacturing and exports. It will help in creating world-class industrial infrastructure that would attract large-scale investment including foreign direct investment (FDI) and encourage innovation and job creation within the sector, the release said.

PM Modi will also launch the 'Acharya Chanakya Skill Development Centre' scheme of the Maharashtra government, it said.

Skill development training centres will be established in renowned colleges across the state to provide training to persons between the age group of 15 to 45, enabling them to become self-reliant and access various employment opportunities. Around 1,50,000 youths across the state will receive free skill development training each year, it added.

The PM will also launch 'Punyashlok Ahilyadevi Holkar Women Startup Scheme', under which early-stage support will be given to women-led startups in Maharashtra.

Financial assistance of up to Rs 25 lakh will be provided under the scheme and 25 per cent of the total provisions under this scheme will be reserved for women from backward classes and economically weaker sections as specified by the government. It will help women-led startups become self-reliant and independent.

Source: economictimes.com– Sep 20, 2024

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India to become third-largest economy by 2030-31, says S&P Global

India is set to become the world's third-largest economy by 2030–31, as per S&P Global India. The country is forecast to grow at an annual rate of 6.7 per cent.

India emerged as the fastest-growing large economy, with gross domestic product (GDP) growth at the rate of 8.2 per cent in the financial year (FY) 2024, surpassing the government's earlier estimate of 7.3 per cent.

Abhishek Tomar, head, S&P Global India Leadership Council, and chief data officer for S&P Global Market Intelligence, said, "India's medium-term prospects are healthy and filled with opportunities in multiple sectors, including trade, agriculture, and AI, likely structural reforms, and growing energy demands. India is poised for growth, and with a young and dynamic workforce, it is well-positioned to shape the global economic landscape."

The research further stated that India must develop infrastructure and geopolitical strategies, particularly regarding its extensive coastline, to maximise trade benefits. Nearly 90 per cent of India's trade is seaborne, necessitating robust port infrastructure to manage increasing exports and bulk commodity imports.

According to the World Bank and S&P Global's Container Port Performance Index 2023, only three Indian ports found a place among the top 50. Moreover, the performance gap between public and private sector ports was notable, as the country's largest government-owned port, the Jawaharlal Nehru Port Trust (JNPT), was ranked 96th globally, while the privately operated Mundra Port Terminal in Gujarat ranked 27th.

Until a decade ago, India's government-owned ports commanded about 75 per cent of the country's container volumes, with JNPT and Chennai Port leading the pack. But cargo volumes have increasingly shifted to private ports, given their market-oriented dynamics in a competitive environment, and bureaucratic hurdles associated with pricing and infrastructure investment have limited the attractiveness of government-owned ports, the research said.

Privately run ports in India captured 47 per cent of total cargo in FY24, according to S&P Global's Journal of Commerce. As per the journal, this demonstrates the rise of Adani Ports. Adani-run Mundra Port handled 15.6 per cent more volume than JNPT and grew twice as fast in FY24.

Rahul Kapoor, vice president, global head of shipping analytics and research, stated, “India needs more ports. With big investments pouring into the sector, a balance needs to be struck while we discuss public and private ports.” Additionally, Kapoor stated that the market intelligence firm is expecting freight rates to come down.

The report also added that India’s total petroleum product demand is projected to rise by almost 2 million barrels per day (b/d) to reach 7.1 million b/d by 2035 from 2023 levels, largely led by demand for transportation.

Source: business-standard.com– Sep 19, 2024

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India, S Korea share bill of lading electronically to promote trade: DGFT

India and South Korea have started sharing the bill of lading in an electronic transfer mode between the customs of both sides, a move that will help promote ease of doing business, a senior official said on Thursday.

A bill of lading is a legal document that serves as a receipt, contract, and proof of ownership for shipped goods.

Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said as and when the system becomes a norm for all the countries, there will be no requirement for physical submission of records.

"India in collaboration with South Korea has now started this concept of sharing the bill of lading in an electronic transfer mode between the customs of both sides," he said while addressing a session in the 'Deloitte Government Summit' here.

South Korea is a key trading partner of India and both countries have implemented a comprehensive free trade agreement in 2010.

India's exports to the country stood at $6.41 billion in 2023-23, while imports aggregated at $21.13 billion.

Sarangi added that doing away with physical submissions may happen in the next 1-1.5 years.

The United Nations Commission on International Trade Law (UNCITRAL) has taken this initiative to ensure that all trade documentations happen through the electronic transfer mode and that work is under progress as various countries are participating.

UNCITRAL is the core legal body of the UN system in the field of international trade law. Its business is the modernisation and harmonisation of rules on international business.

Sarangi also said a lot of startups are working in the direction of ensuring tracking and tracing of goods and containers on real-time basis.

"Each of the containers coming into our country is RFID tagged and the movement is tracked on real time basis and going forward enabling IoT (internet of things) and ensuring that these containers movement is tracked from origin till it is shipped and beyond outside our shores also is something which is a work in progress," he said.

The DGFT has taken a series of measures to ensure ease of doing business for exporters and importers.

It has recently launched the Trade Connect e-Platform, which is a one-stop shop for traders to get information related to all areas such as duties, markets, and free trade agreements.

Source: business-standard.com– Sep 19, 2024

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Low cotton sowing in kharif season may impact India's textile export target amid a decline in cotton production

New Delhi: Reduced cotton sowing in the ongoing kharif season is raising doubts about whether the government will be able to meet its ambitious textile export target, dashing hopes of Indian readymade garment (RMG) shipments scooping up extra orders in the wake of the Bangladesh crisis, two persons said.

Cotton sowing had dropped to 11.24 million hectares as of 13 September, as compared with 12.36 million hectares during the same period last year, according to agriculture ministry data.

The decline comes amid an already challenging period for Indian cotton production.

"Certainly, there has been a contraction in production in recent years, and this year, low sowing levels are expected to result in a reduced production of cotton bales," the first person said.

"We are hoping that the area under sowing will improve slightly to 11.6 million hectares from presently 11.2 million hectares. This is expected as summer sowing in Tamil Nadu will add 200,000 hectares, and another 100,000 hectares will come from sowing in the western parts of Telangana and Karnataka during the summer season," this person said.

Export may be hit

Summer sowing of cotton seeds is done during February-March.

"Low production will impact the export of textiles, and it is expected to be lower compared ti the last fiscal year," the second person said.

Textiles exports is witnessing a declining trend. It dropped from $33.83 billion in FY20 to $29.46 billion in FY21. Although exports rose to $41.12 billion in FY22, they then fell to $35.55 billion in FY23 and further to $34.40 billion in FY24.

The government has set a target to exceed $40 billion in textile exports by FY25.

“Given the low sowing area expected to result in reduced production, achieving the projected export target of over $40 billion by FY25 will be challenging. The current trend in lower sowing and production raises concerns about meeting these ambitious goals in future too,” said Abhash Kumar, assistant professor of Economics, Delhi University.

The country's cotton production, which peaked in FY20 at 36 million bales (each bale weighing 170 kg), has also seen a downward trend over the years.

In FY21, production slipped to 35 million bales, followed by a further drop to 31 million bales in FY22. Though production recovered slightly to 33 million bales in FY23, it fell again to 32 million bales in FY24.

Switching crops

Challenges in cotton farming have stiffened in recent years: outdated seed technology has significantly impacted yields, prompting many farmers to switch to alternative crops like soybean, paddy, etc.

“The shortage of labour and the increased time required for cultivation, along with outdated technology, are also contributing to decreased productivity in cotton farming. Compared to soybean farming, cotton cultivation demands more intervention and resources, making it less efficient,” said Ganesh Nanote, a cotton farmer in Maharashtra's Vidarbha region.
The biggest cotton-growing states are Gujarat, Maharashtra, Telangana, Andhra Pradesh, Madhya Pradesh, Karnataka, Haryana and Rajasthan.

Exports to scale up

According to the Commerce Ministry's India Brand Equity Foundation (IBEF), the market for Indian textiles and apparel is projected to grow at a 10% CAGR, reaching $350 billion by 2030. India also set a target to scale up its textile exports to $100 billion by 2030, aiming to capture a significant share of the global market.

"About 55-60% of India’s textile and apparel exports are natural fibre based, predominantly cotton. So low cotton sowing and resultant price rise of cotton fibre are a significant risk to Indian textile and garment exports,” said Mihir Parekh, Associate Partner, Garments, Foundation for Economic Development (FED).

"This risk is increased by the fact that import of cotton fibre attracts 10% duty. This can substantially affect India's export competitiveness by increasing the raw material price throughout the value chain," Parekh said.

Moreover, India is the world's third largest exporter of textiles and apparel and ranks among the top five global exporters in several textile categories.

The textiles and apparel industry contributes 2.3% to the country's GDP, 13% to industrial production and 12% to exports. The textile industry in India is predicted to double its contribution to the GDP, rising from 2.3% to approximately 5% by the end of this decade, the IBEF report said.

The budget allocation for the textiles sector has been increased by ₹974 crore to ₹4,417.09 crore in the Union Budget 2024-25.

In the budget, the allocation for research and capacity building in the sector was raised to ₹686 crore from ₹380 crore and the allocation for the National Technical Textiles Mission jumped 120.59% to ₹375 crore from ₹175 crore in 2023-24.

Key Takeaways

- Cotton sowing has decreased in the ongoing kharif season, raising concerns about meeting textile export targets.
- Lower cotton production is expected to negatively impact textile exports, especially in light of the declining trend in recent years.
- The government's ambitious target of exceeding $40 billion in textile exports by FY25 may be difficult to achieve due to reduced cotton production.
- The shortage of cotton fiber and potential price increases may negatively affect India's export competitiveness in the global market.
- India is a major player in the global textiles and apparel market, but its export competitiveness is influenced by factors such as cotton availability and pricing.

Source: economictimes.com– Sep 18, 2024

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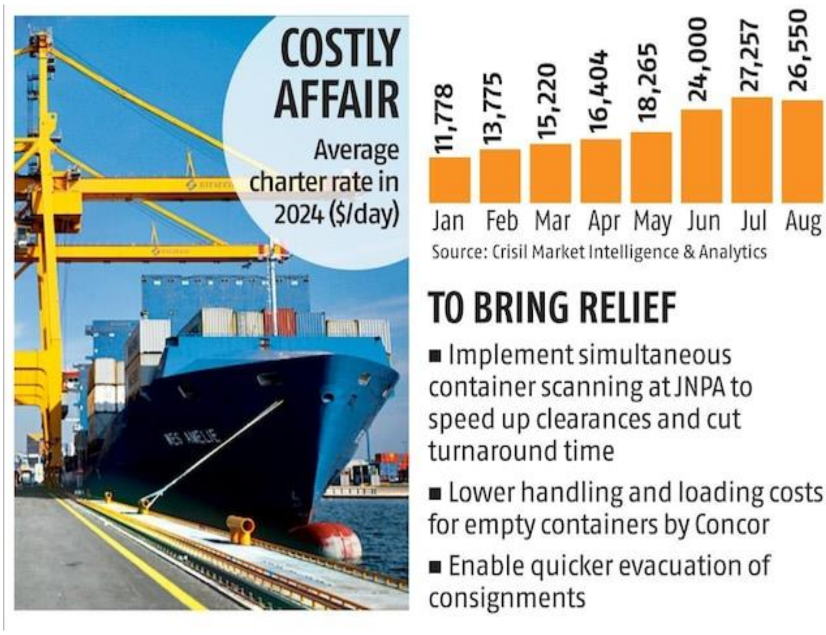
In export push, govt steps in to raise container capacity amid shortage

Concerned over the fallout of the Red Sea crisis and severe shortage of containers against the backdrop of a steep decline in merchandise exports in August, the Union government is pulling out all the stops to find a solution. To begin with, the government has devised a strategy aimed at boosting container supply and supporting exporters.

An inter-ministerial meeting chaired by trade minister Piyush Goyal, on Thursday, decided that the state-owned Shipping Corporation of India (SCI) will start operating a large container ship and purchase five additional second-hand container vessels apart from reducing loading and handling cost of empty containers by the Container Corporation of India (Concor). A simultaneous container scanning will also begin at Jawaharlal Nehru Port Authority (JNPA) for faster clearances and reduction in turnaround time.



"I am confident that it (decisions taken today) will result in bringing down the shipping cost, improve the availability of empty containers, help faster evacuation of export consignments, and significantly reduce the congestion at ports," Goyal told reporters during a briefing.

Average price cargo-worthy container up sharply in in September.

The meeting, chaired by Goyal, was attended by officials from shipping, railways, civil aviation, finance and commerce & industry.

"One of the major issues that was pointed out was that foreign shipping lines are not giving us slots. So one problem we have been facing is the lack of Indian container lines. Now SCI has started this ship and we will operate it regularly.

Every three-four days we will be able to use it. SCI will purchase containers on a regular basis, then the stock of containers available with SCI will increase and therefore handling capacity will also increase," Ports, Shipping and Waterways Secretary TK Ramachandran told reporters.

The next meeting, scheduled for October, will review and assess the impact of the latest decisions. Industry officials expect these decisions to show results in two to three months.

Thursday's top level meeting comes within days of the commerce ministry data showing 9.3 per cent contraction of merchandise exports in August. Earlier, the fresh attacks by Houthi rebels at the Red Sea resulted in diversion of ships to longer routes. The impending tariff hikes by the US on a host of Chinese products have also caused frontloading of shipments by China, adding to the container shortage for other countries.

The average price of a cargo-worthy 20 ft container in India rose to $1,113 in September from $1,010 in August, according to Container XChange, an online container leasing platform. While average prices for 40 ft high cube cargo-worthy containers ranged between $1200-$1500 across major Indian ports like Mundra, Nhava Sheva, and Chennai in the June quarter, these prices have surged to an average of $2000 - $2600 in August, reflecting sustained demand and capacity constraints.

Aniket Dani, Director – Research at CRISIL Market Intelligence and Analytics, explained that there's a global shortage of containers, mainly due to the logistical inefficiencies like port congestion in South-East Asia and Red Sea disruption. ''Consequently, freighters must take a detour and opt for a longer route around the Cape of Good Hope. This detour has increased not only the shipping costs but also delivery time, further exacerbating the challenges," Dani said.

Addition of new vessels is expected to reduce the time for exports and raise the container capacity by 10-12 per cent. Currently, India's container capacity is 40,000-45,000 TEU.

Officials from the Railway Board and CONCOR said that empty containers can now be stored at the yard at zero cost for 90 days. The charges of Rs 3,000, that is being levied beyond 90 days, are now halved to Rs 1,500. Further, the storage and handling rates will be reduced for containers from Rs 9,000 to Rs 2,000 (for a 40 ft container) and from Rs 6,000 to Rs 1,000 (for a 20 ft container).

That apart, shipping lines assured that all charges such as container transportation and lift-on-lift-off at yards would be embedded in the delivery order given to shippers.

Goyal said that he expects shipping and transportation costs for Indian exports to fall over the next few months. Prominent ports such as Adani-owned Mundra Port have been experiencing major backlogs, sector watchers say.

Ajay Sahai, director general and chief executive officer at the Federation of Indian Export Organisations (FIEO), however, said that there is no shortage of containers per se, but a specific variety of container may be in short supply.

“The real problem is lack of space on the ship because of which there’s a perception of container shortage…because once the shipping line allocates space, they can allocate containers,” Sahai said.

According to Delhi-based think tank GTRI, India can lower its risk of global supply chain disruptions by boosting domestic container production, encouraging the use of locally made containers, and increasing the use of Indian shipping companies for transporting goods.

Source: business-standard.com– Sep 19, 2024

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India-UK FTA talks likely in Oct; 9th round India-EU FTA talks in Sept

The next round of talks for a proposed India-UK free trade agreement (FTA) are expected to be held in October this year to resolve pending issues and close the negotiations, according to Indian commerce secretary Sunil Barthwal.

The ninth round of negotiations between India and the European Union (EU) for a proposed FTA is planned during September 23-27 in New Delhi, he announced recently. Both sides will discuss core trade issues covering goods, services, investment and government procurement and necessary rules in this round.

The negotiations with the United Kingdom will start based on the briefings by UK officials to their new ministers about the proposed FTA, Barthwal told reporters in New Delhi.

There are pending issues in both the goods and services sectors, Indian media outlets reported.

Talks had started in January 2022, but the 14th round of talks could not be organised as the two countries entered their general election cycles.

The Indian industry wants more access for its skilled professionals from sectors like information technology and healthcare in the UK market, besides market access for several goods at nil customs duty.

The United Kingdom, meanwhile, is seeking a significant cut in import duties on several goods and more opportunities for UK services in Indian markets in segments like telecommunications, legal and financial services.

The two countries are also negotiating a bilateral investment treaty (BIT).

Barthwal said India and Australia are exploring ways to conclude negotiations on a proposed bilateral trade agreement before December. An interim pact, the Economic Cooperation and Trade Agreement (ECTA), was signed in December 2022 and both sides now want to expand its scope.

Negotiations take time and India is moving forward quite well on all FTAs, except with Canada, he said.

Due to some problems now in Bangladesh, the proposed comprehensive economic partnership agreement with that country will be looked at as the government is waiting and watching developments there, the secretary added.

Source: fibre2fashion.com– Sep 19, 2024

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Apparel exports grew 12% in August to more than $1.2 bn

Apparel exports registered 11.9% growth in August to $1,268.2 million compared with $1,133.5 million last August. Ready-made garment exports have been growing since May. Between April and August, exports were 7.1% higher this year as against April-August, 2023.

In rupee terms, exports were 13.4% higher last month compared with last August and 8.7% more in April-August FY25 compared with the corresponding period in FY24.

K.M. Subramanian, president, Tiruppur Exporters Association said most of the knitwear factories were operating to full capacity and there were enquiries from overseas buyers who were looking for multiple sourcing destinations. If orders moved from Bangladesh to India, the garment units would start investing for additional capacities, he said.

Mithileshwar Thakur, Secretary General, Apparel Export Promotion Council (AEPC), said in a press statement that exports to Japan, Korea, Australia, Mauritius and Norway grew 7.7%, 16.8%, 12.5%, 6.6% and 17.3% respectively in the first quarter of this fiscal year.

According Sudhir Sekhri, chairman AEPC, long-term policy support for garment exports, will provide stability and propel garment exports from India.

Source: thehindu.com– Sep 19, 2024

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Cotton picking begins, yield likely to double this season

Picking of cotton balls has begun in the semi-arid districts of Punjab amid field inputs of an insignificant impact of pest attacks on the 'white gold', giving much relief to farmers.

Experts at Punjab Agriculture University (PAU) and state agriculture officials expect that the production this time will be double as compared to that of the last year and higher yield will encourage farmers to go back to cotton cultivation again.

In 2023-24 season, Punjab had produced 17.54-lakh-quintal cotton. In the kharif season of 2024-25, Punjab witnessed the lowest ever cotton acreage of 96,000 hectares, triggering fear among the policymakers as farmers switched to rice cultivation in a big way in the semi-arid belt of southwest districts of the state. Pest attacks in the last three seasons hit economic conditions and lowered the morale of farmers who showed little interest in the traditional kharif crop in the current year.

In 2023, cotton was sown on 1.79 lakh hectares. The acreage has seen a dip of 46 per cent this kharif season. This came even as the agriculture department had set a target of two lakh hectares of land under cotton this year against the goal of three lakh hectares last year.

According to the data of the Punjab Mandi Board, in the past few days farmers have started reaching mandis of various districts with their cotton produce in small quantities. Information suggests private players are offering up to ₹7,501 per quintal to cotton growers against the minimum support price (MSP) of ₹7,281.

More than 160 quintals of raw cotton have been purchased in different mandis till Tuesday.

Mandi board's state cotton coordinator Manish Kumar said on Monday that arrival started last week and Muktsar reported maximum arrival of 82 quintals to date, followed by 31 quintals in Fazilka. "It is the early-sown cotton that has started reaching mandis in small quantities. Arrival is expected to gain momentum by the month-end and we hope for a good season this time. Ample arrangements are in place for a smooth purchase of the crop," said the official.

Agriculture authorities say that after an initial serious crop loss assessment, no major adverse impact of the deadly whitefly and pink bollworm was observed this time.

PAU principal entomologist Vijay Kumar said an assessment by farm experts of Haryana and Punjab at a seminar in Hisar on Tuesday concluded that Punjab managed to control pink bollworm efficiently this year. “We are confident to double the produce this year if the climatic conditions remain conducive and no rain is reported. The health of plants has remained impressive,” he added.

Muktsar chief agriculture officer Gurnam Singh, the nodal officer for the cotton-growing districts, said farmers expect eight quintals per acre yield and a good season would move the cultivators towards cotton again.

“Last year, the average yield was four quintals due to pest attacks and poor weather conditions. This time the field teams worked in coordination to contain attacks of whitefly and bollworm as no major crop loss is reported across the nine cotton-growing districts. The next four weeks are crucial when second picking of cotton balls will commence, indicating production,” he added.

Source: financialexpress.com– Sep 17, 2024

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