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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global fiber, yarn, and fabric industry to emerge stronger in 2025

The fiber, yarn, and fabric industry is entering 2025 with a renewed sense of resilience and adaptation. While recent years have presented significant challenges, including supply chain disruptions, rising costs, and increased focus on sustainability, industry leaders are demonstrating a commitment to innovation and collaboration to navigate these obstacles.

Navigating supply chain disruptions

Businesses are increasingly adopting multi sourcing strategies and establishing production facilities closer to their main markets to reduce reliance on long-distance shipping and mitigate the impact of global disruptions.

Moreover, companies are investing in real-time tracking systems and data analytics to optimize operations and ensure a resilient supply chain network. Collaborations across the supply chain are becoming more critical, with companies fostering strategic partnerships with local and international suppliers to improve agility and responsiveness.

Addressing rising costs and sustainability

Many companies are exploring renewable energy solutions to stabilize power costs and improve sustainability. And the rise in misleading environmental claims has led businesses to strengthen their traceability efforts through technologies like block chain-based digital passports. Companies are also developing sustainable solutions as they invest in research and development to create innovative materials and processes that meet both aesthetic and environmental standards.

Transparency and traceability too are in focus as brands and consumers increasingly demand transparency about the origin and production processes of textiles. Solutions like block chain-based digital passports and DNA tagging are being adopted to ensure traceability and combat fraudulent claims.

Industry trends

Certain clear trends have emerged in the industry viz:

Nearshoring: Establishing production facilities closer to major markets is a growing trend, improving efficiency and responsiveness to customer demands. Companies like UNIFI are leveraging regional production chains to reduce lead times and ensure faster delivery to customers.

Digitalization: Technology adoption, such as real-time tracking and data analytics, enables companies to optimize operations and enhance supply chain visibility.

Sustainability: Investments in sustainable materials, recycling technologies, and circular practices are reshaping the industry's landscape. Companies like ISKO and NILIT are investing in research and development to create innovative, eco-friendly materials and processes. Collaboration with partners and a circular approach to design are becoming the norm.

Collaboration: Partnerships and collaborations across the supply chain are crucial for addressing challenges, sharing knowledge, and fostering innovation.

Improved planning and forecasting: Companies are focusing on better planning, communication, and forecasting to cope with unpredictable demand and disruptions. This includes investing in real-time tracking systems and data analytics.

Outlook for 2025 Industry leaders remain optimistic about the future, despite ongoing challenges. Companies that embrace innovation, invest in technology, and prioritize sustainability are expected to thrive in 2025. The industry is poised to emerge stronger, more resilient, and better equipped to meet the evolving demands of the market. Overall, the industry is moving towards a more sustainable, transparent, and resilient future. By prioritizing innovation, collaboration, and adaptability, fiber, yarn, and fabric businesses are well-positioned to overcome future challenges and meet the evolving demands of the market.

Source: fashionatingworld.com– Sep 20, 2024

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Australians to cut holiday spending by 20% amid cost-of-living crisis

Australians are set to significantly reduce their holiday spending this year, cutting back by almost 20 per cent, as the country grapples with a continued cost-of-living crisis. Deloitte's latest Retail Holiday Report reveals that consumers are feeling the pinch of inflation, rising interest rates, and weak economic growth, forcing retailers to adapt to more frugal spending habits.

The report, which surveyed 1,000 consumers and gathered insights from retailers, shows that holiday spending will be more focused on value than ever before. The average Australian plans to spend $1,002 this holiday season, down nearly 19 per cent from last year. Shoppers are seeking the best deals, with 95 per cent prioritising discounts, and 32 per cent ready to walk away from purchases without one. While 76 per cent of Australians are cutting back, many still plan to make small indulgent purchases, showing a balance between restraint and splurging, Deloitte said in a press release.

For retailers, the pressure is on, with just 51 per cent expecting sales growth, a drop from previous years. The report also highlights an increase in retailer optimism, with 41 per cent anticipating an improvement in consumer confidence over the next year, up from just 10 per cent in 2023. This cautious optimism contrasts with the ongoing challenge of adapting to consumers' tightening budgets.

Retailers are expected to intensify discounting strategies, especially during major November sales events like Black Friday and Cyber Monday, which continue to grow in influence. However, traditional holiday shopping periods in December, leading up to Christmas and Boxing Day, remain the most important for overall sales.

Looking ahead to 2025, Deloitte's report suggests that while the current challenges for the retail industry remain, there is hope on the horizon. More than 40 per cent of retailers foresee a rebound in consumer confidence, indicating the potential for a stronger retail market in the year to come. Retailers are focusing on creating better in-store experiences, embracing digital innovation, and prioritising trust and transparency in their pricing to attract budget-conscious consumers back into spending.

Source: fibre2fashion.com– Sep 23, 2024

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Cambodia sets minimum monthly wage for GFT sector in 2025 at $208

Cambodia recently set next year's minimum wage for the garment, footwear and travel goods (GFT) sector at $208 per month—a rise of $4 from this year.

This increase includes a $2 adjustment decided during the final round of negotiations between employers and unions, with an additional $2 added at the instruction of Prime Minister Hun Manet, according to domestic media reports.

Three figures were proposed at the meeting: $206, $208 and $214. The majority voted for $206, an increase of $2, which was then raised by another $2 at the direction of the prime minister.

Minister of labour and vocational training Heng Sour told a press conference that the agreed-upon figure allows workers to retain their jobs while enabling employers to maintain productivity.

The government will continue to intervene to manage housing rents and utility bills to improve workers' living conditions, Sour said.

Kim Chansamnang, a union representative, meanwhile, appealed to landlords not to raise house rents.

The number of factories in the sector is over 44,000 now. Minimum wages have increased from $40 in 1997 to $204 in 2024.

Source: fibre2fashion.com– Sep 21, 2024

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Textile traders defend Africa as industry strives for circularity

The used textile market is at a ‘turning point’ and requires collaboration and innovation to deliver a truly global circular economy throughout a vibrant international supply chain. That was the key message from the very well-attended first-ever Textile Circularity conference organised by the Bureau of International Recycling.

Speakers stressed the importance of trade between developed economies and Africa, dismissing media reports that 40% of clothing exports was suitable only for landfill. Representatives from Ghana, Kenya and Uganda countered such claims, arguing that detailed research showed the proportion was actually in single figures. They said it made no sense for astute African businesses to import textiles from the EU or the US they could not use.

Participants also grappled with a range of issues facing the used textile markets, including the impact of EU regulations, “fast fashion”, the definition of “waste” and emerging technologies.

BIR held the event in Brussels on 17 September at a time when the EU sector is struggling. In a pre-recorded video message, President Susie Burrage OBE said textile reuse and recycling was at a turning point and the industry needed help to overcome the challenges it faced.

Ms Burrage insisted that collective efforts to deliver proper sorting, reuse and recycling and repurposing were vital to achieving a circular economy in textiles in both developed and developing countries.

“The narrative around end-of-life, or end-of-use, textiles is becoming increasingly tangled,” she told delegates by video link. “Media headlines often paint a one-sided picture, leaving the public confused at the real story of used clothing.”

Africa rejects dumping claims

In the conference’s first session chaired by Alan Wheeler of the UK-based Textile Recycling Association, a defiant African perspective came from Marlvin Owusu, an executive member of the Ghana Used Clothing Dealers

Association. "One of the biggest challenges we have is simply the misconception of second-hand clothing."

Mr Owusu said that while EU law defined "waste" as discarded materials no longer intended for their original use, the Ghanaian view was that it was clothing that could no longer be reused or repurposed. An independent report commissioned by his organisation using that criterion found such items made up the proportion of textiles waste arisings being imported into Ghana is only up to 5% and is often considerably less. He said this was "far below the exaggerated figures that have been put on media outlets for a long time".

Ghanaian traders delivered quality affordable clothing in a sustainable trade at the core of circularity, he insisted. Reports such as that from the OR Foundation suggesting 40% waste in imported bales could not be trusted, he argued, because "there is no business model in the world that could support a waste level of 40%".

Via video link, Teresiah Wairimu, chair of the Mitumba Consortium Association of Kenya, also spoke of "unverified figures" for waste from those with no understanding of the African markets. In the capital Nairobi, she insisted, the figure was 1.89%.

Ms Wairimu said she represented two million people directly employed in the clothing industry with more than 20 million others depending on it for their livelihood. "We are business people, we import goods for sale and our Government regulates and forbids waste. In Kenya, we only import sorted clothes and we are leading the way on building a circular economy through textile use ... It is very insulting to hear we are importing waste."

Mr Wheeler said it was very important that the voices of the Global South were heard in a textile circularity debate.

In a presentation on a survey of the large second-hand Owino textile market in Kampala, Uganda, Michelle Wilson, Director of Programmes for the WasteAid charity (GBR), said the biggest source of waste was from the dozens of machinists repurposing clothes within the market rather than from the hundreds of sellers. A final report is due later in the year but preliminary findings from a survey of 600 market participants suggested levels of waste of around 1%.

Ms Wilson thought definitions of waste could explain the discrepancy between this local figure and the 40% claims. She spoke of a local term 'fagi' – meaning textiles that may not sell because they are unfashionable or not wanted at that time.

"When we talk about waste we think of something that is ruined but, in the markets, fagi might go round and round until something else happens to it. The [actual] waste is quite low but there is lot of other materials that stay in circulation for quite a long time."

All three felt the bigger challenge was for governments and businesses to improve the domestic waste management of all waste in their countries.

European concern for future

Martin Böschen, president of BIR's Textile Division and CEO of TEXAID (Switzerland), was concerned about the consequences of tighter regulations for EU exports of textiles. "Are we not then opening this [African] market to others such as China or other countries that are going to export their post-consumer textiles under much less regulation and then kill this industry in Europe?" he asked.

The parlous state of the used textile trade in Europe was also raised by Mariska Boer, president of EuRIC Textiles and co-owner of Boer Group (NED). "Our biggest challenge is finding a way to regain a competitive position on the global market for textile reuse. It's only through that we can continue to build a resilient and vibrant industry here in Europe."

Ms Boer spoke of a continuing decline over the past 10-15 years in the quality of clothing put on the market by brands selling "cheap, ultra-fast fashion". "If you get a lower quality in your sorting plant you can't possibly sort a higher quality out."

Other factors weighing on the reuse trade were the costs of labour, energy prices and the continuing war in Ukraine, she said. While proposed regulation would help in the longer term, such immediate issues were weighing heavily on the European markets.

"We call for financial incentives to support those companies within Europe that make an impactful contribution to a sustainable and circular textile value chain," she insisted. "And we need to restrict the import of 'throwaway' fashion within the EU."

Delivering new technology

One session at the conference was dedicated to the emerging technologies driving textile-to-textile recycling alongside the traditional reuse model. Notable among them is chemical recycling, reducing clothing and other fabrics to their molecular building blocks and using them to create new products of value.

Cyndi Rhoades, co-founder of Circle-8 Textile Ecosystems and CEO of Worn Again Technologies (GBR), spoke about a multi-stakeholder collaboration on a pilot facility for “non-rewearable textiles” (NRTs). NRTs will be fed into an automated textile sorting and pre-processing facility due to open in the UK by early 2026. The resulting material is then broken down into purified polyester and cellulose to go into fibre spinning before becoming new textiles.

“There was a perception, which lasted for many years, that chemical recycling was too expensive and too energy intensive,” she said. “Today, innovations are getting large-scale investments and brand engagement. However, less than 1% of new textiles are made from existing textiles so there is a seriously long way to go but we are on the right track.”

Pursuing circular textiles

Another speaker was Beatriz Fernandez, programme management officer for the United Nations Environment Programme (CHE), who pointed out that textiles contribute up to 8% of the world’s greenhouse gas emissions. Material use has increased more than three times over the last 50 years and is expected to increase by 2.3% per year.

A circular business model, she said, could cut 143 million tonnes of GHG emissions by 2030 so improved production practices and greater investment in infrastructure were essential. The UN’s Circularity and Used Textile Project is currently assessing the import markets of Ghana, Kenya, Tunisia and Pakistan. “We are aiming to have social and economic growth that is coupled with environmental agendas. Circularity becomes a beacon of hope.”

The regulator’s perspective came from Vincenzo Gente, Policy Officer in the Environment Directorate at the European Commission, who spoke about progress on revising the Waste Framework Directive as it applies to textiles. Aspects include extended responsibility (EPR) schemes, producer responsibility organisations and rules on waste management. The revision is also impacted by the regulation on eco-design for sustainable products, which entered into force in June 2024, and end-of-waste criteria for textiles which were consulted on earlier in the year.

Successful first

BIR director general Arnaud Brunet said this first “Circularity Challenge” event had been so successful it would certainly not be the last. Historically, he thought BIR’s Textile Division had been Eurocentric but that was no longer the case.

“I’m interested that countries like Ghana and Pakistan are becoming exporters of recycled textiles so it’s time for companies from those countries to join BIR and strengthen the network and make sure we achieve that circular economy and that we have a global voice when we talk to regulators.”

Source: fibre2fashion.com– Sep 20, 2024

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Businesses advised to leverage new growth of Vietnam's garment-textile sector

Although the garment and textile industry is witnessing new export growth, the sector still faces challenges due to increasing market and customer demands, requiring them to leverage the industry's position in the world market, according to experts.

The Vietnam Textile and Apparel Association (VITAS) reported that the sector's export revenue in August was estimated at nearly 4.3 billion USD, raising the figure in the first eight months of this year to 28.3 billion USD, up 6.2 percent year on year.

VITAS Chairman Vu Duc Giang attributed the increase to the shift of orders from other countries to Vietnam amidst the US-China trade war, military conflicts in Europe, and the latest uncertainty in Bangladesh – a major apparel exporter. He also noted that the figures indicate an opportunity for the industry to set a new export record this year.

Giang said the sector's long-term strategy is to diversify products to satisfy various customer segments, and to expand export markets.

He also pointed to challenges to the industry, saying rising orders and new partners require businesses to make greater efforts to meet new purchasing strategies.

The VITAS Chairman stressed the need to step up chain connectivity, from material and machinery to marketing, and to optimise technologies and artificial intelligence to improve productivity and quality, and create product uniqueness.

If the sector shows strong performance in increasing market share for Vietnamese textile and garment in the international market, this will create momentum for further long-term development, Giang emphasised.

Nguyen Van Hoang, General Director of Dong Tien JSC, held that the shift is also taking place right in the domestic market as partners are turning to factories that meet environmental, social, and governance (ESG) standards.

Jimmy Qiu, Vice President of Jack Technology, which provides solutions for smart manufacturing of clothing, said at a workshop held in Ho Chi Minh City late August that Vietnam's textile-garment is developing rapidly and holds an increasingly important position in the global chain.

Vietnam has won over importers thanks to its quick adaptation to smart technologies and green production, he added.

According to Pham Van Viet, Chairman of the Board of Viet Thang Jean Co., Ltd. (VitaJean) and Vice President of the Ho Chi Minh City Association of Garments, Textiles, Embroidery and Knitting (Agtek), price competition is no longer the target, and abundant, low-cost workforce no longer Vietnam's advantage.

It is now a must for the sector to optimise science-technology and digital transformation, and devise directions and policies to ensure a harmonious transition to the new market, he said.

According to Viet, in order to build a domestic garment-textile supply chain, businesses should utilise high-tech systems in all stages from raw material production, weaving, designing, and sewing to branding.

However, as this process requires great capital and human resources, the sector needs to support businesses, especially small- and medium-sized ones, in green transition, technology renovation and human resources training in designing.

At the same time, it also needs to further promote communication effects, thus building trademark for enterprises and national textile sector.

Source: en.vietnamplus.vn– Sep 21, 2024

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Brands Need to 'Put Money Where Their Mouth Is' in Bangladesh

As conditions in Bangladesh's critical garment sector continue to be in flux amid a flurry of protests that have escalated over the past few weeks, labor campaigners say that the predominantly Western brands that have stoked the South Asian nation's economic success are failing to support suppliers and, in so doing, reneging on their responsibility to protect workers.

When the Business & Human Rights Resource Centre (BHRRC) surveyed 20 major fashion retailers about the steps they were taking to address the unrest, for instance, only 13—Adidas, Asda, C&A, Gap Inc., H&M Group, Zara owner Inditex, Marks & Spencer, Next, Primark, Puma, Calvin Klein parent PVH Corp., Tesco and Walmart—offered indications of how they would be upholding responsible purchasing practices, such as maintaining existing payment terms in the face of delays caused by disruptions beyond their suppliers' control.

The low number of replies stands in stark contrast to the 100 percent engagement rate the nonprofit received from the 16 companies it asked about their commitments to their Turkish suppliers following a pair of devastating earthquakes last year. But they also hew closely to the results of Sourcing Journal's outreach, even though some brands responded to one set of queries but not the other. Bestseller and Levi Strauss & Co., for example, wrote to Sourcing Journal but not to the BHRRC, and Gap, Marks & Spencer, Inditex and Next replied to the BHRRC but not to Sourcing Journal. Common non-responders included JCPenney, Mango, Target, Tom Tailor and Wrangler owner Kontoor Brands.

All of this, together with an overall reticence by even responsive companies to divulge more than generalties, paints a telling picture, said Mayisha Begum, labor program officer at the BHRRC, adding that she's noticed that purchasing practices are "always a touchy subject" compared with other areas where responses are more forthcoming.

"When it comes to purchasing factors, we do face a certain extent of resistance or reluctance to answer specific questions, and I think this is because we are really addressing the crux of labor rights issues," Begum said. "So whether it's labor, whether it's wage theft, whether it's gender-based violence, all of this is coming from a place of poor purchasing practices that are incentivizing and encouraging the labor abuses that follow. We are essentially questioning a business model that depends on exploitation."

The recent spate of garment worker demonstrations didn't start this way, said Kalpona Akter, executive director of the Bangladesh Center for Worker Solidarity, a workers' rights group based in Dhaka. One of the initial triggers was thought to be the power struggle between members of former prime minister Sheikh Hasina's recently ousted Awami League and the rival Bangladesh Nationalist Party over control of the post-industrial textile waste—or jhut—trade during Bangladesh's fragile transition. These were among the "outsiders" that authorities and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have blamed for the turmoil that drove nearly 170 factories in the industrial areas of Ashulia, Gazipur and Savar to suspend production earlier this month. Save for two dozen facilities in Ashulia that remain closed, 16 of them under Section 13(1) of the 2006 Bangladesh Labor Act, colloquially known as "no work, no pay" due to illegal striking, all have since reopened.

Workers, too, for the most part, have returned to the production floor, said Miran Ali, vice president of the BGMEA and managing director of the Bitopi Group and Tarasima Apparels. The vast majority—close to 96 percent—of factories have also paid workers their August wages, with the remainder expected to follow suit shortly.

"I know I've been saying this every day, but it is going toward stability," he said. "There are no protests on the street today. A few factories have internal issues, but nothing on the streets. We are looking at stabilizing the sector at the moment."

Legitimate demands

But Akter said that factory owners shouldn't dismiss workers' concerns as the work of third parties alone. With Hasina's autocratic government no longer in control, Bangladeshis are now freely airing long-held frustrations and grievances. Garment workers are the same way. Many of the country's labor strictures, such as four months of paid maternity leave and termination of employment only with prescribed notice, are only good on paper, she said.

"They found that everyone was bringing their demands, so why not us?" she said. "These demands are coming because it absolutely shows that the law is not enforcing them."

Even demands that some have derided as ludicrous, such as the recruitment of more male employees, have a logic of their own. Though the percentage of female workers has been falling steadily from 80 percent in the 1980s to just over 53 percent today, men are more likely than women to be fired from their jobs or face criminal charges and blacklisting, which makes it more difficult for them to find employment, Akter said.

The call for a 10 percent annual wage increase, versus the current 5 percent, on the other hand, is less surprising. The root causes of the fierce minimum wage protests that closed out 2023 haven't changed, either. Workers are still receiving "poverty pay" despite the sky-high inflation, Akter said. Increasing the wage from 8,000 ($67) to 12,500 Bangladeshi taka ($105) when workers say they need 23,000 taka ($192) to survive has been untenable, she added.

"I would say all the demands that workers are giving are definitely legitimate," Akter said. "The way they're asking—like stopping work in the factory and blocking the roads–might not be the ideal way, but at the same time, we have to remember that workers face union busting in this country. There are no unions to help workers deal with these issues. There is no table to discuss them in their factories."

The interim government, helmed by Nobel Peace Prize laureate Muhammad Yunus, revealed this week that it will be reviewing workers' wages through the minimum wage board. Akter said while she'll be counseling workers to give things some time, particularly since the caretaker government has an overwhelming list of things it needs to fix, there is a need for "real" reform that needs to take into account the way the sector's lowest rungs have been treated for years.

In a joint letter on Tuesday, the American Apparel & Footwear Association (AAFA), a prominent U.S. trade group, and the Fair Labor Association (FLA), a multi-stakeholder organization that includes Adidas and Uniqlo parent Fast Retailing among its members, urged Yunus's government to focus on improving worker rights for a "successful Bangladesh garment, footwear, and travel goods industry now and in the years to come."

The government, they said, must immediately release anyone still facing arrest or criminal charges as a result of the minimum wage protests. It must also "move swiftly" this year to implement a transparent and regular annual minimum wage review mechanism that involves all garment industry stakeholders, including employers, authorities and workers and their representatives, as well as restart tripartite discussions on the Bangladesh Labor Act to "bring the law into line with international labor standards."

"As you shepherd Bangladesh through this transition and into a new era, we look forward to working closely with you to ensure that both the protection of workers' rights and growth of the industry are paramount," wrote AAFA president and CEO Steve Lamar and FLA president and CEO Jeff Vockrodt. "The favorable trade partnerships and spirit of collaboration that underpin these markets [have] brought shared prosperity and economic growth. And we know that these partnerships can go much further—if we continue to build on our mutual respect for, and support of, worker rights."

At the same time, brands need to "put their money where their mouth is" when it comes to supporting transitions to democracy within their supply chains, said, Natalie Swan, labor rights program manager at the BHRRC. Anecdotally, orders at factories have fallen by roughly 20 percent as a result of delays caused by the unrest and the recent monsoon floods, though it's too early to say more definitively.

"These moments are times where it's almost a litmus test for international brands to uphold good or poor purchasing practices," she said. "And it would be really concerning if we saw brands react very quickly to any volatility that's happening in Bangladesh at the moment by leaving rather than making a longer-term commitment to sourcing from that country, supporting jobs and workers at what is potentially a really transformational time."

Source: sourcingjournal.com– Sep 20, 2024

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229 eco-friendly garment factories in Bangladesh now: BGMEA

The number of LEED-certified green factories in Bangladesh is 229 now, after three more apparel and textile factories were recently certified by the US Green Building Council under the Leadership in Energy and Environmental Design (LEED) programme.

The newly certified factories are Sepal Garments Ltd in Gazipur, Unitex Spinning Ltd (Unit-2) in Chattogram and Ananta Huaxiang Limited in Narayanganj.

Both Sepal Garments Ltd and Unitex Spinning Ltd achieved platinum certification, scoring 85 and 43 respectively, while Ananta Huaxiang Limited earned gold certification, scoring 63.

Out of the 229 such factories, 91 have achieved platinum ratings, while 124 have received gold certification, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said.

The country is now home to 61 of the top 100 highest-rated LEED certified factories in the world, domestic media outlets reported.

Platinum certification, the highest category, requires projects to earn more than 80 points out of 110, while gold certification ranges from 60 to 79 points, and silver certification from 50 to 59 points.

Source: fibre2fashion.com– Sep 22, 2024

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Chinese firm to establish textile parks in Pakistan

The Board of Investment and China's RUYI Shandong signed a Memorandum of Understanding (MoU) on Friday, marking a major step toward enhancing Pakistan's textile exports and job creation.

Under the agreement, RUYI will establish international-standard textile parks in Sindh and Punjab, aiming to boost exports to $5 billion and create up to 500,000 jobs.

The MoU was signed during a meeting between RUYI Chairman Qiu Yafu and Prime Minister Shehbaz Sharif, following the premier's recent visit to China. The project is expected to attract investment from around 100 Chinese textile firms.

PM Shehbaz Sharif praised Pakistan's enduring friendship with China and expressed appreciation for RUYI's investment. He highlighted the company's previous role as the first investor in the Sahiwal Coal Power Plant under the China-Pakistan Economic Corridor (CPEC).

According to RUYI's chairman, the textile parks will operate as zero-carbon, automated facilities powered by solar energy. In its first phase, the parks aim to increase textile exports by $2 billion, with a goal of reaching $5 billion in the second phase. The project will create between 300,000 and 500,000 jobs.

Construction of the parks is scheduled to begin by the end of this year and will take three years to complete.

The company also plans to establish wholesale commodity centres in Karachi and Lahore.

To ensure smooth project implementation, working groups will be set up in Islamabad and Beijing.

A special committee, led by Deputy Prime Minister and Foreign Minister Ishaq Dar, will oversee progress on the textile parks.

Source: tribune.com.pk– Sep 21, 2024

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NATIONAL NEWS

India likely to clock 7% growth in FY25 despite headwinds: Deloitte

India continues to be a bright spot in an otherwise gloomy global outlook and the country could clock a 7 per cent growth in the current fiscal despite the headwinds, Deloitte South Asia CEO Romal Shetty has said.

Shetty, who is the youngest chief executive of a Big Four accounting and consultancy firm in India, said inflation is reasonably under control, there has been a pick-up in rural demand and vehicle sales are improving.

"We believe that we would be in the 7-7.1 per cent range in terms of the growth (this fiscal year). You have got the headwinds, the tailwinds... But the fact is, still India is in a better position, in spite of whatever is happening globally but we can't say we're decoupled from the world," he said, adding that the geopolitical crisis in the Middle East and Ukraine and the slowdown in the western world will impact GDP growth.

According to Deloitte projections, growth is likely to be 6.7 per cent in the next fiscal year (2025-26). The Indian economy grew 8.2 per cent in the previous fiscal year -- 2023-24.

In an interview with PTI, Shetty said he expects the Modi 3.0 government to continue with the economic reforms, including privatisation, at the same pace and there is a tremendous push to get things done within the government departments.

India -- the world's fifth largest economy -- is set to expand to $5 trillion and become the third largest within this decade.

Oil price decline is in some sense good for India because the country is a net importer of a lot of things, and the US Fed rate cut will be positive for India.

Observing that India will be the services capital of the world, Shetty said the country has to focus on using technology in agriculture to increase productivity and also look for niche areas where India can dominate globally.

To a question on whether India can achieve the developed nation tag by 2047, Shetty said the per capita income has to increase from $2,500 currently to $20,000. If the per capita income rises above a certain level, then the economy also grows at a faster pace from there.

"My own belief is that when the per capita income moves to $5,000, you will see much more buying happening. So the shape of the economy, the domestic economy itself, will also change. It becomes more self-reliant as well...," Shetty said.

Source: business-standard.com– Sep 22, 2024

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India, EU to begin next round of talks on free trade pact on Monday

Senior officials of India and the 27-nation European Union (EU) will commence the next round of talks for a proposed free trade agreement from Monday here, an official said. The agreement is aimed at further boosting bilateral trade and investments between the two regions. The two sides are negotiating a free trade agreement, an investment protection agreement and an agreement on geographical indications (GIs).

"The five-day talks will start from September 23. It will be the ninth round of negotiations. Also, the concerns of Indian stakeholders regarding the EU's sustainability measures, such as CBAM, deforestation and others, will be discussed with the EU," the official said.

During the ninth round, both sides will discuss core trade issues covering goods, services, investment and government procurement along with necessary rules such as rules of origin, SPS (sanitary and phytosanitary), and technical barriers to trade.

The Carbon Border Adjustment Mechanism (CBAM) or carbon tax (a kind of import duty) will come into effect from January 1, 2026. It will initially be imposed on seven carbon-intensive sectors, including steel, cement, fertiliser, aluminium and hydrocarbon products.

India has raised concerns over these two regulations as it would have an impact on the country's exports to the bloc.

According to think tank Global Trade Research Initiative (GTRI), the European Union's Deforestation Regulation (EUDR) would hit India's agricultural exports worth USD 1.3 billion to the EU starting December 2024.

The GTRI said that Indian firms are concerned about the potential negative impacts of regulations like the carbon tax, deforestation regulation, and supply chain regulation.

"These regulations would adversely impact India's exports to EU.

After implementation of the trade agreement, the EU products will continue to enter India at zero duties, but Indian products may pay 20-35 per cent tariff equivalent as CBAM charges. A suitable text may be inserted in the FTA chapters dealing with this possibility," GTRI Founder Ajay Srivastava said.

In June 2022, India and the European Union resumed the negotiations after a gap of over eight years. It was stalled in 2013 due to differences over several issues.

"Initially, from 2007 to 2013, multiple rounds of negotiations took place but were hindered by disagreements over market access, intellectual property rights, labour standards, and sustainable development. By 2013, the talks hit a standstill, particularly due to differences on tariffs for automobiles, wine, spirits, data security for Indian IT firms, and public procurement," it said.

It added that one of the major reasons for the delay is the differing aspirations between the two parties.

The EU seeks tariff elimination on over 95 per cent of its exports, including sensitive agricultural products and automobiles, while India is comfortable opening up only around 90 per cent of its market and is hesitant to lower tariffs on bulk agricultural products, the GTRI said.

GTRI Founder Ajay Srivastava said that major Indian goods exports to the EU, such as ready-made garments, pharmaceuticals, steel, petroleum products, and electrical machinery, will become more competitive, if the pact gets concluded successfully.

Additionally, key services exports like telecommunications, other business services, and transportation services will also see substantial growth.

On the other hand, the EU will benefit from increased exports of essential goods from India, including aircraft and parts, electrical machinery, diamonds, and chemicals.

"The services sector will also gain from the FTA, with enhanced trade in other business services, intellectual property services, and telecommunications and IT services. These sectors stand to gain the most from the FTA, driving economic growth and strengthening India's trade relations with the EU," Srivastava said.

The total trade has surpassed USD 200 billion in 2023. India exported USD 75.18 billion in goods and USD 31.13 billion in services to the EU, while the EU exported USD 63.44 billion in goods and USD 31.35 billion in services to India.

Source: economictimes.com– Sep 22, 2024

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India, Myanmar discuss ways to boost bilateral trade using ₹, kyat

Myanmar and India are scouting ways to boost bilateral trade through their local currencies. Indian commerce and industry minister Piyush Goyal discussed this with Myanmar's minister of investment and foreign economic relations Kan Zaw on the sidelines of the 12th East Asia Summit Economic Ministers' Meeting in Vientiane, Laos.

Both discussed potential cooperation areas in trade and the ongoing ASEAN-India Trade in Goods Agreement (AITIGA) review negotiations.

The local currency trading mechanism is expected to reduce transaction costs by eliminating the need for dual currency conversion.

At the meeting, Goyal reiterated India’s commitment to strengthen the East Asia Summit Forum and acknowledged its role in promoting peace, stability and economic prosperity in the region, a release from Indian ministry of commerce and industry said.

While the global economy is expected to grow at 3.2 per cent in fiscal 2024-25, India’s growth rate is projected at 7-7.2 per cent, with India on the way to become the 3rd largest economy by 2027, he said.

He urged ASEAN countries to come forward for collaboration on issues of global south at the World Trade Organisation (WTO) and to strengthen multilateralism.

Goyal also met Inkyo Cheong, South Korean minister for trade, industry and energy and discussed bilateral trade relations, progress in negotiations for upgrading India-Korea Comprehensive Economic Partnership Agreement and promoting inclusive investments in India.

Source: fibre2fashion.com– Sep 22, 2024

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IPEF talks' secrecy, limited public input key concerns: GTRI

The Indo-Pacific Economic Framework for Prosperity (IPEF) negotiations have mostly been conducted in secrecy with limited public input and it raises concerns whether the member countries, including India, were able to protect their key interests, think tank Global Trade Research Initiative (GTRI) said Sunday. It cautioned that the commitments related to the effective administration of tax policy might curtail the ability to raise tax revenue.

It said in the supply chain pillar, a major issue is whether the agreement might restrict members from trading critical materials, particularly with China as this could pose challenges for Association of SouthEast Asian Nations (Asean) countries, whose largest trading partner is China.

"It is hoped that India has negotiated enough flexibility to avoid strict clauses, such as the not to use export restrictions. These are critical during emergencies, as no country can be expected to supply essential goods when facing its own crisis," GTRI Founder Ajay Srivastava said.

In the clean economy pillar, he hoped that India has not agreed to a "non-derogation clause" which would prevent the government from easing domestic regulations for projects of national importance.

"Such flexibility is essential for India to pursue key infrastructure projects without being hindered by rigid international commitments," he said, adding that there is concern that India might have committed to minimum standards for clean energy technologies in the domestic market, which could force reliance on imports and negatively impact local producers.

India needs to ensure it can support its own industries during the clean energy transition and its preferential treatment for domestic suppliers in government procurement is a key policy tool for supporting local businesses.

"Hope India has not agreed to drop this preference as it could severely disadvantage local manufacturers in favour of foreign competition, potentially harming domestic economic growth," Srivastava said.

On the fair economy pillar, the think tank said India already implements anti-corruption measures, but new obligations could lead to international scrutiny and make domestic actions legally enforceable.

"This could complicate governance, so it is important that India has carefully examined these commitments to avoid unnecessary legal and administrative burdens," he cautioned.

As per GTRI, sharing the legal text alone will not be enough, as businesses require clear insights into how these commitments will impact sectors, compliance needs, and long-term policy goals and a proactive dialogue between the government and industry is vital to maximise the benefits of the agreements and mitigate any potential risks.

Source: economictimes.com– Sep 22, 2024

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India requires skill development to compete in the textile race: Ramraj Cotton Chairman KR Nagarajan

The political instability in Bangladesh has opened up immense opportunities for Indian textile companies. While these opportunities present a chance for growth, they bring in challenges that must be addressed. The textile industry needs to develop skills and gear up to tap these opportunities, said the Ramraj Cotton founder and chairman, KR Nagarajan.

In a conversation with businessline, he explained India’s challenges noting that the Indian textile sector needs to focus on talent development while addressing labour shortages.

“There is a significant gap in skills development in the textile industry. Tiruppur exported ₹30,000 crore worth of textiles last year, but to double that to ₹60,000 crore, we need to bridge these gaps. While automation has transformed functions like spinning, weaving, and dyeing allowing machines to handle much of the work, garment production which includes processes like designing, laying, marking, cutting, sewing, finishing, pressing, packaging, sampling, is still largely dependent on human hands,” he explained.

Nagarajan added, “We currently lack the skilled workforce necessary to meet this growing demand. Many of the workers in the garment sector are migrants who do not possess the required expertise, and while some manufacturers can train them, others do not. This disparity creates a challenge in scaling up production efficiently.”

He also highlighted the need for central government and state governments to significantly enhance investments in skill training to capitalise on the available opportunities fully.

In comparison, countries like Bangladesh and China have made impressive strides in the global textile market by prioritising workforce development and skills training. Nagarajan pointed out that India, too, can follow a similar path to empower its workforce, tackling both unemployment and labour shortages simultaneously.

Ramraj Cotton, a partnership firm under ENES Textile Mills, recently launched a store in Jayanagar, Bengaluru, and plans to add around 15 more stores by March 2025. Additionally, it plans to strengthen its foothold in North, East, and West markets while simultaneously expanding its international reach.

Currently, the company exports its products to Sri Lanka, Singapore, and Malaysia, and it will soon enter the UAE market.

"Our focus has primarily been on building a strong presence in the local market, but we are now gearing towards becoming a pan-India brand over the next two years. After that, we will actively pursue international expansion," Nagarajan said.

With 304 stores across India, including 64 in Karnataka, the company's manufacturing units in Tirupur, Erode, Salem, and Madurai continue to support its robust production. While the company plans to expand its manufacturing facilities, it has not confirmed any specific locations.

Source: thehindubusinessline.com– Sep 22, 2024

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TWO OPPORTUNITIES, THREE CHALLENGES

There is a new-found enthusiasm in Tamil Nadu's textile sector as global brands come calling as part of their China-plus-one strategy. H&M, Uniqlo of Japan, Inditex, C&A and Marks & Spencer plan to source more from India, promising new opportunities for Tamil Nadu's textile hubs of Tirupur, Coimbatore, Erode and Karur.

To cash in, however, the industry should overcome the challenges of capacity building, sourcing raw material and processing them.

"The China-plus-one policy and the unrest in Bangladesh are making brands look closer at India. Tamil Nadu, which has a strong textile ecosystem should benefit from this," said Southern India Mills Association (SIMA) deputy chairman Durai Palanisamy. "The switch, however, will not happen overnight. To make use of the opportunity, TN must scale up."

That's where hubs such as Tirupur have a large role to play. Nowhere else in the country is there such a big knitwear cluster. "Last year we exported garments worth 35,000 crore and supplied stuff worth another 25,000 crore to the domestic market. Tirupur registered a turnover of 60,000 crore last year. Now we should focus on the challenges to sustain the growth," said Tirupur Exporters Association president K M Subramanian. Less than 90km away, the Karur textile hub has been getting an increasing number of inquiries. But with the Russia-Ukraine war standing in the way of converting them into business, units continue to work with low capacity.

Also being a hub for niche limited products for decorative items such as dining table mats and towels, kitchen textiles, drawing room cushions and covers, Karur couldn't eat into China's share. It is, however, trying to diversify. "We have been cotton-based players, but now we are trying man-made fibres (MMFs). We are also making new items like storage bags and pet animal cushions, which were so far made only in China," said Karur Textile Manufacturing Exporters' Association president P Gopalakrishnan.

The textiles sector has been the mainstay of MSMEs in Tamil Nadu. Being the engine of growth and employment, governments should enable more of them to enter the field and thereby add capacities to utilise emerging opportunities.

Sourcing of raw material – for both cotton and MMF – continues to pose a challenge. Tamil Nadu has long ceased to be a cotton-growing state and is dependent on others. That adds to the logistics costs.

Though Tamil Nadu has the ecosystem, it is largely limited to spinning and garmenting. It is not good at processing. For want of processing capacities, the yarns are sent to Maharashtra and Rajasthan and some of it is brought back after processing, thereby adding to the cost. At present, Perundurai is the sole processing hub in the state. Another processing cluster planned by SIMA at Cuddalore did not take off. The industry needs a processing cluster.

“Raw material is a weak link for TN. The 11% import duty on cotton is a disadvantage for the country, more so for Tamil Nadu since it is dependent on other states for its cotton supplies. With upstream industries coming up in cotton-growing states, it means trouble for TN. Moreover, there is no large-scale producer of MMF in the state,” Durai said. The textile industry in Tamil Nadu is trying to join hands with Taiwan-based companies that offer large-scale sourcing bases for global brands. “A Taiwanese delegation visited us recently and a delegation from here is visiting Taiwan in Oct to find some common ground,” Durai said.

Representatives from SIMA and Tirupur Exporters’ Association (TEA) seek better profitability for the textile industry to attract newer players. While an EBIDTA margin of 18% is a desired and acceptable level for any industry, in textiles the margin is still at a high single digit. “We exporters face high interest rates. There should be interest subvention or subsidies to bring down the cost. Productivity-linked incentives (PLIs) should be considered for units with 25 crore investment and three times the turnover. This will help add more capacity,” said TEA’s Subramanian.

A good thing that Tirupur has done is invest in green energy. Savings in power costs have helped overcome other costs and largely sustain operations. “Tirupur will become carbon neutral by 2030 against India’s target of 2070. We have created a 2,000 MW of renewable (windmill and solar) energy capacity, and it is producing five times more power than required,” said Subramanian. The industry would do well if it can replicate this success across the sector.

Source: timesofindia.com– Sep 23, 2024

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Stronger rupee has exporters worried

After the US Fed cut interest rates by 50 basis points, Asian currencies rebounded against the dollar, and the rupee hit a two-month high on Thursday. The strengthening rupee following the interest rate cuts by the US Federal Reserve has started worrying the textiles and chemicals exporters from Gujarat, who are terming it as a double whammy in light of the prevailing challenges in the international market.

After the US Fed cut interest rates by 50 basis points, Asian currencies rebounded against the dollar, and the rupee hit a two-month high on Thursday.

The rupee ended at 83.68 against the dollar and touched 83.57 during the intra-day, the strongest level in the last months.

Rahul Shah, co-chairman of the textile taskforce of the Gujarat Chamber of Commerce and Industry (GCCI), said, "The textile industry is already losing its competitive edge in the international market due to higher cotton prices. Indian cotton is around 25% costlier than international cotton, which has significantly impacted the yarn, fabric, and garment exports in the last few months."

He added that the Indian Rupee may gain strength in the coming days, but eventually, it will stabilize above the 84 level. Similarly, the chemical industry is also watching the rupee movement closely. Bhupendra Patel, chairman of CHEMEXCIL (Gujarat region), said, "The chemical industry has been struggling for a year due to weak demand. There has been a slight improvement in the last few months, but due to high raw material prices, there has been an impact on the production." Recently, the rupee touched the 84 level, and it increased our competitiveness in the global markets against China.

However, the currency came down to the 83.60 level, and there is a possibility that it would rise further due to the inflow of funds into India, Patel explained.

Source: economictimes.com– Sep 23, 2024

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India-CAI signs MoU with ICA to promote fair practices in cotton trading

The country's apex trade body for the cotton industry, Cotton Association of India (CAI) has signed an MoU with the Liverpool-based International Cotton Association (ICA) to strengthen mutual cooperation and promote fair business practices and contract sanctity in cotton trading.

The ICA is the world's foremost arbitral body for cotton, with the majority of global cotton trading governed by ICA bylaws.

Led by Kimberlie Hanna, President, a delegation from the ICA recently visited India to meet with CAI representatives under the leadership of Atul S Ganatra, President CAI. During the discussions, both trade bodies explored various cotton-related matters including plans to host ICA training programs in India and the possibility of organising ICA events to expand the association's membership within the country.

The ICA delegation also met with officials from the Cotton Corporation of India (CCI) and key Indian textile mills to further explore opportunities for collaboration.

The ICA delegation included Kimberlie Hanna, President; Bill Kingdon, Managing Director and Jagan Gopinath, Director. In addition to their meetings with CAI and CCI, they are also scheduled to visit prominent textile mills in Coimbatore and Chandigarh before concluding their trip to India.

Source: fashionatingworld.com– Sep 21, 2024

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