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INTERNATIONAL NEWS

Record global fiber production surpasses expectations; sustainability remains a concerns

Global fiber production increased to unprecedented levels in 2023, reaching a historic peak of 124 million tons, marking a 7per cent increase from the previous year reveals Textile Exchange's latest Materials Market Report. This growth indicates a doubling of production since 2000, with projections suggesting a further rise to 160 million tons by 2030.
Dominance of synthetics raises sustainability concerns

Virgin fossil-based synthetics, notably polyester, continue to dominate the market with a staggering 60.5per cent share, amounting to 75 million tons in 2023 alone. This dominance underscores concerns over the environmental impact of non-renewable resources and their implications for sustainability goals.

Table: Global fiber production in 2023

Fiber type	Production (mn tons)	Market share in %	Notes
Virgin Fossil-Based Synthetics	75	60.5	Polyester: 57%
Plant-Based Fibers	31	25	Cotton: 20%
Manmade Cellulosic Fibers (MMCF)	7.9	6.4	
Animal-Based Fibers	1.3	1	Certified mohair & cashmere: 47% market share each
Recycled Fibers	9.8	7.9	Recycled polyester: 12.5% market share
Total	124	100	

The table shows despite growing calls for sustainability, recycled fibers faced setbacks in market penetration. Recycled polyester, for instance, saw its market share dip to 12.5per cent, highlighting the economic challenges posed by cheaper virgin synthetics and current limitations in recycling technologies.

While cotton production experienced a slight decline, sustainable practices maintained a stable 29per cent share of the market. Conversely, certified wool, mohair, and cashmere demonstrated positive growth, reflecting consumer preference for responsibly sourced animal-based fibers.

Emerging trends in Manmade Cellulosic Fibers

Manmade cellulosic fibers (MMCF) showed promising growth, with 6.4per cent of the market share in 2023. This trend signals a potential shift towards more sustainable alternatives within the fiber industry.

There are several reasons for this shift. Lower price of virgin synthetics compared to recycled alternatives and natural fibers remains a significant barrier to sustainable sourcing. Then there are technological limitations as current recycling technologies are not advanced enough to handle the complexities of textile-to-textile recycling at scale, hindering the growth of recycled fiber market.

While consumer awareness of sustainability is growing, it hasn't translated into widespread demand for eco-friendly products that can incentivize large-scale shifts in production practices. And there is a lack of policy support. Policies and regulations that incentivize sustainable fiber production and recycling are crucial but currently lacking in many regions.

Industry experts emphasize the urgent need for transformative action. Claire Bergkamp, CEO, Textile Exchange, underscores the critical gap between sustainability aspirations and current industry practices. The report serves as a clarion call for intensified efforts in textile-to-textile recycling, technological innovation, policy support, and consumer education to drive meaningful change.

The 2023 Materials Market Report paints a complex picture of the global fiber landscape, highlighting both progress and challenges. As the industry navigates towards a more sustainable future, overcoming barriers to recycled fiber adoption and supporting transitions to preferred materials will be pivotal in mitigating environmental impact and meeting climate targets.

Source: fashionatingworld.com– Oct 08, 2024

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China's cotton yarn imports hit yearly low in Aug

I. China's cotton yarn imports totaled 94.4kt in Aug

In Aug 2024, China's cotton yarn imports fell to 94.4kt, marking the lowest monthly import volume so far this year. This represents a decrease of approximately 22kt compared to July and is significantly lower than the level recorded during the same period last year, with a year-on-year decline of about 45%.

Currently, India and Pakistan is likely to cut production of new cotton, and forecasts for US cotton production have also been continuously lowered from earlier optimistic expectations. According to the September USDA report, the total production in these three regions has been revised down by approximately 305kt.

As a result, it may be challenging for India and Pakistan to leverage the new cotton harvest to boost production and export advantages. From Jan-Aug 2024, China's total import of cotton yarn reached 912.1kt, showing a notable reduction compared to last year.

II China's cotton yarn imports by origin in Aug 2024

In August, the import volume of Vietnamese yarn totaled 54kt. Although this represents a decrease of about 4kt compared to July, its market share has surged to 57%. Some shipments have experienced delays due to typhoons, and the peak arrival period is expected to continue until mid to late October.

Imports of Pakistani yarn have seen a notable decline, dropping to a new low of only 8.4kt in August, which accounts for approximately 9% of total imports. Additionally, imports from Uzbekistan decreased by nearly 10,000 tons compared to the previous month, with only 7,799 tons arriving in August, marking the lowest level this year.

Meanwhile, imports of Indian yarn maintained a slight increase, totaling 7,275 tons in August and accounting for around 8% of the total. There has also been a noticeable increase in the share of cotton yarn imports from Malaysia and Bangladesh.

III China's cotton yarn imports by structure and by origin in Aug 2024

Currently, the dominant specifications of imported cotton yarn continue to focus on coarse count open-end yarn, ring-spun yarn, and siro-spun yarns. The continuation of a low-profit and high-risk environment has suppressed import demand in the domestic market. In terms of specific specifications, the total import volume of carded yarn 8-25s totaled 48.2kt in August, accounting for 49.9% of total imports.

Additionally, carded yarn below 8s reached 17.56kt this month, with a significant increase in the share of Vietnamese yarn, rising from nearly half to 67.48%. It's primarily due to the firm price of Pakistani siro-spun yarn, which has led to a partial shift of domestic import demand towards Vietnamese open-end and siro-spun alternatives.

Meanwhile, the share of open-end yarn from Taiwan has continued to decline after the suspension of tariff reductions, resulting in sluggish sales. In August, the total import volume of carded yarn 30-47s totaled 15.5kt, with imports of Uzbekistani yarn in this specification range sharply dropping to 5,297 tons, while Vietnamese yarn remained relatively stable at around 5,537 tons. Imports from Malaysia decreased to 480 tons, and Indonesian yarn has virtually disappeared from the market due to high prices.

IV. China's blended cotton yarn imports in Aug 2024

In Aug 2024, China's imports of blended cotton yarn totaled around 11.1kt, showing a slight decrease of about 500 tons compared to July. From January to August 2024, the cumulative import volume of blended cotton yarn has totaled 96.7kt, with around 86.55% imported from Vietnam. Overall, the import volume has shown little fluctuation compared to cotton yarn. Among the imported blended cotton yarn, carded yarn 8-25s represents about 51% of the total, while the share of carded yarn below 8s was around 16% in August.

Click here for more details

Source: ccfgroup.com– Oct 08, 2024

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US trade deficit narrows sharply in August on increase in exports

The US trade deficit narrowed sharply in August as exports increased and imports fell, suggesting that trade could be a small drag on economic growth in the third quarter.

The trade gap contracted 10.8 per cent to $70.4 billion from a revised $78.9 billion in July, the Commerce Department's Bureau of Economic Analysis said on Tuesday. Economists polled by Reuters had forecast the trade deficit would narrow to $70.6 billion from the previously reported $78.8 billion in July.

Trade has subtracted from gross domestic product for two straight quarters. Growth estimates for the third quarter are currently as high as a 3.2 per cent annualized rate. The economy grew at a 3.0 per cent pace in the April-June quarter.

Source: business-standard.com– Oct 08, 2024

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UK retail sales up 2% in Sept; exceeds 3-month average growth of 1.2%

UK's total retail sales increased by 2.0 per cent year-on-year (YoY) during the five weeks between August 25-September 28, 2024, against a growth of 2.7 per cent in September 2023. This was above the 3-month average growth of 1.2 per cent and the 12-month average growth of 1.1 per cent.

Non-food sales in the country decreased 0.3 per cent YoY over the three-months to September, against a decline of 1.2 per cent in September 2023. This is above the 12-month average decline of 1.7 per cent. For the month of September, non-food was in growth year-on-year, as per the KPMG x British Retail Consortium (BRC) Retail Sales Monitor.

In-store non-food sales over the three months to September decreased 1.5 per cent YoY, against a growth of 0.3 per cent in September 2023. This is above the 12-month average decline of 1.9 per cent.

Online non-food sales increased by 3.4 per cent YoY in September, against an average decline of 3.6 per cent in September 2023. This was above the 3-month average increase of 1.9 per cent and above the 12-month average decline of 1.1 per cent.

The online penetration rate (the proportion of non-food items bought online) increased to 35.6 per cent in September from 35.1 per cent in September 2023. This was below the 12-month average of 36.4 per cent, the release added.

Helen Dickinson OBE, chief executive of the BRC, said: "Retail sales saw the strongest growth in six months as non-food performed better than expected. As Autumn rolled out across the UK, shoppers sought to update their wardrobes with coats, boots and knitwear. The start of the month also saw a last-minute rush for computers and clothing for the new academic year.

"The coming months are crucial for the economy as retailers enter the 'Golden Quarter'. But in the face of weak consumer confidence and the continued high burden of business rates, retailers' capacity for further investment is limited.

As a result, retailers are holding their breath ahead of the Budget as they work out their investment strategies for the coming year. Decisive action from the Chancellor, such as introducing a 20 per cent Retail Rates Corrector, would help to drive investment and economic growth up and down the country."

Linda Ellett, UK head of consumer, retail and leisure, KPMG, said: "September saw modest, but welcome, sales growth for retailers. Children's clothing, footwear and accessories saw a boost from the start of the school year, with household budgets feeling slightly less constrained for some parents compared to last year. Similarly, the return to work after summer holidays also led to an upturn in adult clothing and footwear sales. With record rainfall levels in some counties, the cold and wet weather in September sped up purchases of extra layers and wet weather gear.

"With energy prices having again risen, all eyes now turn to the Budget and what impact that will have on household discretionary spending in the final quarter of the year."

Source: fibre2fashion.com– Oct 08, 2024

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Aug sees 9th straight month of double-digit growth in global air cargo

Total global air cargo demand, measured in cargo tonne-kilometres (CTKs), rose by 11.4 per cent year on year (YoY) in August this year (12.4 per cent for international operations), according to data released by the International Air Transport Association (IATA). This is the ninth consecutive month of double-digit YoY growth, with overall levels reaching heights not seen since the record peaks of 2021.

Capacity, measured in available cargo tonne-kilometres (ACTKs), increased by 6.2 per cent YoY in the month (8.2 per cent for international operations). This was largely related to the growth in international belly capacity, which rose by 10.9 per cent on the strength of passenger markets. Industry-wide capacity has reached an all-time high.

"We continue to see very good news in air cargo markets. The sector recorded a second consecutive month of record high demand year-to-date. Even with record levels of capacity, yields are up 11.7 per cent on 2023, 2 per cent on the previous month, and 46 per cent above pre-pandemic levels.

This strong performance is underpinned by slow but steady growth in global trade, booming e-commerce, and continuing capacity constraints on maritime shipping," said IATA director general Willie Walsh in a release. Several factors in the operating environment are noteworthy. Industrial production stayed level in August month on month and global cross-border trade fell marginally with minus 0.3 per cent.

In August, both the purchasing managers index (PMIs) for global manufacturing output and the PMI for new export orders were below the 50-mark at 49.9 and 48.4 respectively, indicating contraction. Inflation saw a mixed picture in August. In the United States and the European Union (EU), inflation rates fell to 2.6 per cent and 2.4 per cent respectively, the lowest rates since 2021.

In contrast, Japan's inflation ticked up by 0.3 percentage points to 3 per cent, the highest rate in ten months. China's inflation rate continued its moderate upward trend, growing by 0.1 percentage points to reach 0.7 per cent, the highest rate in six months.

Asia-Pacific airlines saw 14.6 per cent YoY demand growth for air cargo in August—the strongest of all regions. Demand on the Asia-Africa, Asia-Europe and within-Asia markets grew by 21.2 per cent, 18.4 per cent and 16.1 per cent respectively.

Intra-Asia demand growth decreased by 5 percentage points from the previous month, partially linked to the social unrest in Bangladesh and Typhoon Shanshan in Japan. Both events affected local logistics operations with airport closures and flight cancellations. Capacity of Asia-Pacific carriers increased by 8.6 per cent YoY in August.

North American carriers saw 4.8 per cent YoY demand growth for air cargo in August—the lowest of all regions. Demand on the Asia-North America trade lane, the largest trade lane by volume, grew by 9.3 per cent YoY, while the North America-Europe route saw a more modest increase of 6.1 per cent YoY. August capacity increased by 2.4 per cent YoY.

European carriers saw 13.5 per cent YoY demand growth for air cargo in August. The Middle East-Europe trade lane led growth—up by 28.9 per cent YoY—maintaining a streak of double-digit annual growth that originated in September 2023. The Europe-Asia route, the second largest market, was up by 18.4 per cent. Within Europe also saw double-digit growth, up by 15 per cent. August capacity increased by 9.4 per cent YoY.

Middle Eastern carriers saw 13.5 per cent YoY demand growth for air cargo in August. The Middle East–Europe market performed particularly well, surging by 28.9 per cent YoY, ahead of Middle East-Asia, which grew by 13.5 per cent YoY. August capacity increased by 4 per cent YoY.

Latin American carriers saw 14.2 per cent YoY demand growth for air cargo in August. Capacity increased by 8 per cent YoY.

African airlines saw 7.5 per cent YoY demand growth for air cargo in August. Demand on the Africa-Asia market increased by 21.1 per cent YoY, maintaining a streak of double-digit annual growth that originated in the second half of 2023. August capacity increased by 11.4 per cent YoY.

Source: fibre2fashion.com– Oct 07, 2024

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The Rise of Premiumization: A global shift in consumer behaviour

A new wave of consumerism is sweeping the world, and it's all about ‘premiumization’. Forget bargain hunting; shoppers are increasingly seeking out higher-quality, more luxurious goods and experiences, even if it means paying a premium. This shift is reshaping industries from fashion and food to travel and technology.

In fact, various research reports and market analyses have highlighted this trend. McKinsey & Company’s latest consumer survey revealed that a growing number of consumers, particularly in emerging markets, are showing a willingness to ‘trade up’ to premium products. In India, for instance, the first half of 2024 witnessed a significant increase in demand for premium goods, indicating a change in consumer mindset towards aspirational and quality-driven consumption. GfK's report on the Indian technical consumer goods market further corroborates this trend, highlighting a pronounced preference for premium products, leading to substantial value growth in the sector.

‘Premiumization’ as a trend

Premiumization is more than just buying expensive things. It's a mindset shift where consumers prioritize value, quality, and exclusivity over simply getting the lowest price. Research from Euromonitor International highlights that this trend is driven by factors like rising disposable incomes where a growing global middle class with more spending power is pushing up demand for premium products.

Growing desire for experiences; consumers are willing to invest in products and services that enhance their lifestyle and well-being. Status seeking and self-expression is another factor, as premium products often act as status symbols and allow for personal expression. Moreover consumers are drawn to established brands with a reputation for quality and craftsmanship.

China, India leading the change

While premiumization is a global phenomenon, certain regions and demographics are at the forefront of this trend. Fast growing economies like India and China, with their rapidly expanding middle class and increasing disposable incomes, are witnessing a notable growth in premium consumption. In developed economies, despite lingering economic challenges, a significant portion of consumers continue to gravitate towards premium offerings, indicating a persistent desire for quality and exclusivity. Consumers in the US and Canada are showing a preference for premium offerings in sectors like food and beverages, personal care, and home furnishings. Europeans are are seeing premiumization grow in sustainable fashion, organic food, and wellness services.

Affects of changing demographics

The demographics of premiumization are also undergoing a transformation. Traditionally associated with older, affluent consumers, premium consumption is now gaining traction among younger demographics. Millennials and Gen Z, in particular, are increasingly drawn to premium brands and experiences, driven by factors such as social media influence, the desire for self-expression, and a heightened emphasis on quality and sustainability. Similarly baby boomers with significant disposable income are also embracing premiumization, seeking products that offer comfort, convenience, and health benefits.

The fashion and apparel sector is at the forefront of the premiumization trend. Statista studies show the global luxury fashion market is expected to reach $430 billion by 2025. This growth is being led by a demand for high-quality materials and craftsmanship as consumers are willing to pay more for garments made with durable, sustainable, and ethically sourced materials. In fact, a survey by McKinsey & Company found 60 per cent of fashion consumers are willing to pay more for sustainable products.

The desire for unique and personalized styles is another catalyst as premium brands offer exclusive designs and customization options that cater to individual preferences. Increased focus on brand storytelling and heritage with consumers being drawn to brands with a strong history and authentic narrative.

In terms of segments, premiumization is impacting all segments of fashion Men are increasingly investing in premium suits, shoes, and accessories, seeking both style and quality. Women’s segment is seeing demand for luxury handbags, designer dresses, and high-end activewear growing. Even children's clothing is seeing a premiumization trend, with parents opting for organic fabrics, sustainable brands, and designer labels.

Premiumization therefore is a powerful trend that is transforming consumer behavior across the globe. As consumers become more discerning and prioritize value over price, businesses that can deliver high-quality, unique, and meaningful experiences will be well-positioned to thrive in this new era of consumption.

Source: fashionatingworld.com– Oct 07, 2024

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East Asia & Pacific to grow at 4.8% in 2024, 4.4% in 2025: World Bank

Manuela V Ferro, vice-president of the World Bank for East Asia and Pacific, said, "Countries in the East Asia and the Pacific Region continue to be an engine of growth for the world economy. However, growth is slowing. To sustain strong growth over the medium-term countries in EAP must be proactive in modernizing and reforming their economies to navigate changing patterns of trade and technological change."

The Economic Update highlights three factors that are likely to affect regional growth: shifting trade and investment, slowing growth in China, and increasing global policy uncertainty, as per the report.

First, recent trade tensions between the US and China have created opportunities for countries like Vietnam to deepen their role in global value chains by 'connecting' major trading partners. Vietnamese firms exporting to the US saw sales grow almost 25 per cent faster than those exporting to other destinations over the period 2018-2021. However, new evidence suggests that economies may be increasingly limited to playing a 'one-way connector' role as new, more stringent rules-of-origin on imports and export restrictions are imposed.

Second, China's neighbours have benefitted from its strong growth for the last three decades, but the size of that impetus is now diminishing. China had pulled other countries along through its import demand, but that is now growing even slower than its GDP. Imports grew by only 2.8 per cent in the first seven months of this year compared to nearly 6 per cent per annum in the previous decade.

Third, global uncertainty can negatively impact EAP economies. In addition to geopolitical uncertainty, heightened economic policy uncertainty could reduce industrial production and stock prices in EAP by up to 0.5 per cent and 1 per cent, respectively.

A Special Focus of the report examines how countries in the region can take advantage of new technologies to continue creating jobs for their people. Industrial robots, artificial intelligence (AI), and digital platforms, are affecting labour markets in the region. Between 2018 and 2022, the adoption of robots helped create jobs for an estimated 2 million (4.3 per cent of) skilled formal workers due to the higher productivity and increased scale of production as well as the need for complementary skills. But robots also displaced an estimated 1.4 million (3.3 per cent of) low-skilled formal workers in ASEAN-5 countries.

Given the dominance of manual-task based work in the EAP region, a smaller share of jobs is threatened by AI than in advanced economies. But the region is also less well positioned to take advantage of the productivity benefits of AI because only 10 per cent of jobs involve tasks complementary to AI – compared to about 30 per cent in advanced economies, the report added.

"East Asia's development model – relying on open global markets and labour-intensive production – is being challenged by trade tensions and new technologies," said ***World Bank East Asia and Pacific Chief Economist Aaditya Mattoo***. "The best response is to deepen trade agreements and to equip people with the skills and mobility to take advantage of the new technologies."

Source: fibre2fashion.com– Oct 08, 2024

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'More Than a Store': Why Goodwill Wants to be a Force for Textile Circularity

Goodwill wants to be known for more than selling people's castoffs.

For more than 120 years, the charitable retailer has been a vital but frequently overlooked player in municipal waste management, creating job opportunities for the marginalized and in need by finding new outlets for old housewares, books, toys and clothing.

Now, Goodwill wants to play a more active role in textile circularity—and not just spinning one person's fashion regret into another's sartorial score. It and fellow nonprofit Accelerating Circularity recently concluded a two-year million pilot, which was funded with a $1.28 million grant from the Walmart Foundation, to develop the skills and infrastructure to aggregate, sort and process textiles for reuse and recycling.

Up next is a $2 million traceability study, also funded by Walmart, that will support what it describes as a "multi-stakeholder initiative to follow the global journey of secondhand textiles" so it can understand where its goods are going, even if they're being sold by third parties.

The idea behind both schemes is to figure out how Goodwill can better keep textiles out of landfills, both in North America, where the organization is based, and in the marketplaces of countries such as Chile and Ghana, which have become the "final sink" for the dregs of Western overconsumption.

As textile-to-textile recycling ladders up in scale in the United States and Europe to meet mounting consumer and regulatory appetite for lower-impact materials that clean up rather than add to fashion's ballooning waste problem, Goodwill thinks it can play a role in helping with the systems shift that's needed. In fact, it's already built that way: 80 percent of the American population is within a stone's throw of a Goodwill location.

"One of the biggest things to come out of this work is that first and foremost, Goodwills can really work together and be a partner for circularity," said Jennifer Lake, CEO and president of Goodwill of the Finger Lakes, which serves the Rochester, Syracuse and Finger Lakes areas in upstate New York.

Goodwill works on a federated model, comprising 154 individual and independent affiliates that operate 3,300 locations across the United States and Canada. While there are sometimes concerns about whether everyone can “row the boat in the same direction,” as Lake put it, the results of the first study showed there was a willingness to combine oars to ensure that the stuff locations were already receiving was reaching recyclers in a harmonized and consolidated manner.

There is plenty of grist, too, as the 2022 pilot discovered. Most of the materials identified during a particularly laborious fiber-composition analysis phase were cotton, polyester and poly-cotton blends. Roughly 60 percent of this was amenable to existing mechanical or chemical recycling technologies.

The initiative also created four regional textiles hubs in Canada, Michigan, the Northeast and the Southeast that represented 25 Goodwill locations in total. These hubs sorted and graded post-consumer textiles to identify reusable materials that could be resold and nonreusable ones as feedstock that were up to recyclers’ specifications. It’s such hubs, said Steve Preston, president and CEO of Goodwill Industries International, that are a missing piece of the infrastructure necessary to drive efficiency and economies of scale.

“We really need to have a number of our regions working together to generate sufficient volume to feed the industry, and that’s why that’s so important,” he said. “We can both aggregate volumes to provide feedstock, and we understand what we get well enough to have confidence that the feedstock will be there.”

Walmart isn’t a name that jumps immediately to mind when textile circularity is mentioned, but the big-box giant’s philanthropic arm has been a keen investor of the work that is going on behind the scenes, even helping underwrite Accelerating Circularity’s initial trials in 2021.

“The Walmart Foundation invested in Goodwill Industries International to help keep textiles out of landfills and increase the volume of material recovered for reuse and recycling,” Julie Gehrki, vice president and chief operating officer at the Walmart Foundation said in an emailed statement. “Ultimately, by investing in traceability of items not sold in Goodwill locations around the country, the learnings from these pilots will help Goodwill develop a model to keep textiles at their highest use and a roadmap to scale best practices across their network.”

Goodwill has also worked with Amsterdam-headquartered innovation platform Fashion for Good on trialing curbside pickup for textiles, which is replete with challenges such as potential contamination from liquid or food waste, damage from adverse weather and the unpredictability of collection volumes because people tend to declutter in bursts. The nonprofit also glommed onto the fact that technology trials for sortation and other forms of preparation must be a priority because many of its employees are differently abled, meaning that adaptations will need to be made. The resources needed both within Goodwill and on a municipal, state and national level will be significant.

"We also see our role is figuring out how most effectively to partner with the best players: of developing technology, that are willing to invest in infrastructure, brands," Preston said. "I think we can be a big solution for brands and retailers in this space. We'd love for them to give us things that can be resold because we think we do a good job of that. We could provide a multitude of capabilities."

Lake said that the Northeast hub, which is still going strong, is under NDA with several different recyclers, as well as some emerging businesses "that have an interest in this space." To hit scale, however, Goodwill will need to exploit the limits of what it can do—and draw in the capital it needs to build up staffing, equipment and facilities that could leverage things like AI to grease the pipeline.

"The stigma of buying from Goodwill just isn't there anymore," she said. "[But] I think a lot of people still don't realize how much more than a store Goodwill really is."

Preston agreed. Getting things right will be a multi-year journey, but there's slow and steady and then there's slow but stuck. For now, Goodwill is actively engaging with the likes of the Rochester Institute of Technology and sortation systems Tomra and Sortile.

"It takes time to do it, but we need to be on that pathway today if we're going to be successful tomorrow," he said. "We need to grab the mantle and realize that we have an opportunity for leadership in the area."

Source: sourcingjournal.com– Oct 08, 2024

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Sri Lanka's New President Brings Hope and Optimism

After months of uncertainty, the ambiguity has finally given way to relief.

People gathered at Galle Face in Colombo late last month to cheer the inauguration of the newly elected Sri Lanka president Anura Kumara Dissanayake, and business leaders were rapidly taking stock.

After months of stalling on major decisions, the general opinion among factory owners and apparel manufacturers in Colombo was that the elections went off "much smoother than expected," and a note of cautious optimism has been creeping in despite lingering concerns.

Given the precarious economic conditions the island nation has suffered over the last two years—bankruptcy, an uprising that removed then president Gotabaya Rajapaksa from office in July 2022, the harsh realities of the International Monetary Fund's conditions in exchange for a loan, the huge foreign debt, the steep decline in the value of the Sri Lanka rupee—the concerns are not misplaced.

There were more than 40 candidates for the position, including Ranil Wickremesinghe who has seen the country through the last two years of transition, and opposition leader Sajith Premadasa. "We have never seen a transition that has gone so smoothly," Yohan Lawrence, secretary general, Joint Apparel Association Forum (JAAF) told Sourcing Journal.

"There was concern there would be over zealous supporters, but It's been one of the most positive elections—with an incredibly smooth transition of power," he said. JAAF was quick to issue a statement in support of the new president. The organization noted that the new president's "commitment to transparency, good governance, and sustainable economic development aligns with the Joint Apparel Association Forum's (JAAF) goals of promoting ethical practices and fostering long-term growth in the apparel industry."

The new President's vision for Sri Lanka is centered around creating a fair, just, and inclusive society, with a strong focus on eradicating corruption and uplifting the lives of ordinary citizens. We look forward to working closely with the new President and the government to ensure the continued success of the apparel sector," Lawrence said.

The role of the apparel industry has been crucial in these hard years when foreign reserves have all but disappeared. Apparel exports account for more than 40 percent of the country's total exports, and provide jobs to more than a million people. Many of the manufacturers are also now being run by second or third generation—and the president's Janatha Vimukthi Peramuna (JVP) has the support of younger voters.

The hope that his coalition of Leftist groups, will make good on its promise to ease the economic burden and iron out corruption. Among the expectations are that the promises to bring down tax on some food items and differentiate between the IMF led focus on external and internal debt. However, the stability that the new president is promising may be a little premature, analysts told Sourcing Journal. Shortly after being sworn in, the president dissolved the parliament. He announced general elections for the country on November 14.

At this time his party only holds three seats out of 225 in parliament and it is important to have a majority in parliament to help decision making and support for the policies he hopes to implement. In his first address to the nation, president Dissanayake was pragmatic, and counseled patience, noting that change that was being sought but it will take time. He emphasized the importance of achieving stability and confidence in the current economy.

Putting to ease the fear that the loan from the International Monetary Fund that is helping the country through the crisis may be reneged upon, he said: "We plan to begin negotiations with the International Monetary Fund immediately and proceed with activities related to the extended credit facility. Additionally, to advance our debt restructuring program, we are negotiating with relevant creditors to expedite the process and secure necessary debt relief. We are confident that we can gain the support of both the people of this country and the international community, and we believe that through this collective support, we can achieve success."

The overwhelming concern—about corruption—was not sidestepped either. "We are launching a permanent program to build a unified Sri Lankan nation that respects diversity, fully ending the era of division based on race, religion, class, and caste. We have already taken significant steps to appoint efficient and honest officials to oversee these initiatives," he said.

Yet, many factory owners are conscious of the fact that there are months of further negotiations ahead. Not only for the next tranche of the money expected from the IMF, but also in the process of negotiating reforms so that the pressures on the citizens are less severe. "We're not quite out of the woods yet," a manufacturer said, asking not to be named, "since the general election is important and it's hard to say exactly which way it will go. A lot depends on the next couple of months."

However, it is clear that the country has been working its way out of the deep bind of the last several years. The World Bank predicted GDP growth of 2.2 percent for Sri Lanka in 2024, a big step up after two years of negative growth. The apparel sector, which has seen factories shutting down and others working at far lower than capacity in the last year have been seeing a return of business. "Many of the factories have been working at capacity in the last few months," a manufacturer said. According to figures from JAAF, the apparel sector crossed the $3 billion mark in cumulative export earnings for the year by August, with apparel export revenue up by 22 percent year on year in August.

This included 22.9 percent year-on-year growth of exports to the US, 18.84 percent to the European Union, 17.4 percent growth to the United Kingdom, and other markets by 30.91 percent for the month. The focus on sustainability has also been continuing, manufacturers told Sourcing Journal. Earlier this week, Hirdaramani Apparel became the first organization in the country to have its Net-Zero Science Based Targets officially approved by the Science Based Targets initiative (SBTi). As part of this commitment, Hirdaramani has set ambitious near-term and net-zero targets applicable to countries within its global footprint, which include Bangladesh, Sri Lanka, and Vietnam. Labor leaders are also hoping that things will change for workers at the factories.

President Dissanayake has pledged to increase Sri Lanka's income tax-free threshold, as well. Labor leaders said that they expect more of a reprieve for workers—many of whom have gone under the poverty level as the Sri Lankan rupee lost value against the dollar, and inflation swept the nation. The president's plan to exempt food items from the 18 percent value-added tax would help, they said. More than two thirds of apparel workers are women, , and several said that they drew inspiration from the fact that the president immediately appointed Dr. Harini Amarasuriya as prime minister. As the third female prime minister of the country, she represents a role model for women, they said.

Within a week of coming into office, the president has begun to put into practice some of his campaign promises in which he spoke about the outrageous burden on the public from taxes and living expenses. Price cuts in fuel prices were announced on Sunday and starting midnight on Monday bus fares were reduced by 4.24 percent.

Manufacturers in the apparel industry were pleased with the fact that container charges have been decreased by 4 percent as well, in response to the reduction of diesel prices.

Officials of the International Monetary Fund (IMF) met with the president on October 2 to discuss the are crucial lending from IMF.

Source: sourcingjournal.com– Oct 07, 2024

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Iran exports textile products worth $23.5 million in H1, FY24

Textile products weighing 9,500 tons and worth $23.5 million in value were exported by Iran during the first six months of the current Iranian calendar year, from Mar 20-Sep 21, 2024, as per data from the Islamic Republic of Iran Customs Administration (IRICA).

The data shows, Iran registered a 7 per cent rise in the value of its textile exports and 8 per cent growth in the volume of textile shipments during this period compared to the same period last year. Over the years, Iran has made significant improvements in the quality of textile exports to meet rising global demand.

Advancing textile exports is a part of Iran's broader strategy to diversify its economy and reduce dependence on oil revenues. By strengthening its textile sector, the country aims to boost foreign exchange earnings and create more job opportunities in labor-intensive industries. Encompassing fabrics, garments, and related products, the textile sector continues to be one of the country's key non-oil export contributors.

To boost Iran's position in the global textile market, Iranian authorities encourage manufacturers to enhance its production efficiency and product quality. The country continues to modernise production processes and foster stronger trade relationships to continue expanding its textile exports in the coming years.

Source: fashionatingworld.com– Oct 08, 2024

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Bangladesh: Trade deficit narrows in July-Aug period of FY25

Bangladesh's trade deficit narrowed by $290 million, or around 10 percent, in the first two months of the current fiscal year compared to the same period of the previous fiscal year.

During July-August of FY25, the trade deficit was $2.75 billion, down from $3.04 billion the same period of FY24, according to the latest data from the central bank.

The narrowing trade deficit is attributed to a rise in export earnings coupled with a decline in import expenditure.

Export earnings increased by 2.5 percent year on year to $7.16 billion in the two months of this fiscal year.

Import cost fell 1.2 percent year on year to $9.91 billion from the same period a year ago, according to the Bangladesh Bank data.

Another significant development in the balance of payments is the country's current account, which has turned positive, supported by increased remittance inflows over the last two months.

From July to August, the current account surplus reached $111 million, compared to a deficit of $610 million during the same period of the last fiscal year, the data showed.

However, the financial account remained in the negative. The deficit however narrowed to $145 million in July-August period from $1.33 billion the same period a year ago.

The financial account, a component of the balance of payments, records claims on or liabilities to non-residents concerning financial assets. It includes components such as direct investment, portfolio investment, and reserve assets, broken down by sector.

Source: thedailystar.net– Oct 09, 2024

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Indian Ministry of Textiles celebrates 'World Cotton Day' 2024

Celebrating World Cotton Day 2024, the ministry of textiles hosted a conference in association with the Confederation of Indian Textile Industries (CITI) and the Cotton Corporation of India. The event focused on the theme 'Megatrends Shaping Cotton Textile Value Chain', exploring key trends and challenges in the cotton industry'.

The union minister of textiles Giriraj Singh while addressing the august gathering reiterated the commitment of the government to achieve the target of $350 billion by 2030 including export target of $100 billion. This could only be achieved, if all the stakeholders in the cotton value chain join hands together. He also shared the experience of how adoption of best farm practices like high density planting, closer spacing, drip fertigation etc, can increase the yield to even 1,500 kgs per hectare as against the present national average yield of about 450 kgs. Therefore, there is a dire need to adopt best farm practices on saturation mode. The outcome of this pilot project will encourage the farmers of other areas to adopt these practices for better yield.

The one-day conference in commemoration of World Cotton Day 2024, highlighted best practices and sustainable farming methods, traceability, ESG data points for connecting farm to fashion, targeting technology like HDPS, spanning from farm to fibre to factory to fashion to foreign. Brainstorming sessions addressed crucial topics, including Enhancing Sustainability & Traceability, Decent work in cotton supply chain, Evolving Trends in Cotton Farming and Cotton Trading and Risk Management for Enhancing Quality & Productivity of Cotton, the Ministry of Textiles said in a press release.

During the inaugural session, Rohit Kansal, additional secretary, ministry of textile highlighted that the country has set a target of creating a textile ecosystem of $350 billion by 2030 from the current $176 billion. He urged the stakeholders of cotton textile value chain to be cognisant of the challenges that are being posed by current and potential competing fibres so that cotton will be a legacy sector of Indian textile industry, further he emphasised the sustainability is a sine qua non for cotton textile value chain.

Rachna Shah, textiles secretary in her address mentioned about the importance of the cotton economy, which provides livelihood to six million cotton farmers directly and another employment to 45 million people engaged directly or indirectly in various other activities in the cotton value chain. She mentioned about the share of cotton fibre to the total fibre in the country at about 60 per cent, where the same is at 23 per cent in the world. However, she urged all the stakeholders of the cotton value chain to concentrate in increasing cotton productivity, as India ranks 35th in terms of yield. She appealed to all stakeholders to adopt a collaborative approach to address this serious challenge of productivity, being faced by the entire cotton value chain.

Shubha Thakur, additional secretary, MoA&FW while discussing the initiatives of the government in increasing yield of cotton, reaffirmed the ministry's commitment to work in close coordination with ministry of textiles, in adopting best farm practices by the farmers so as to improve livelihood of the farmers.

Prajakta Verma, joint secretary, ministry of textiles while delivering keynote address informed that enhancing sustainability is paramount and therefore the ministry has encouraged collaborative approach through formation of Textile Advisory Group (TAG) where the challenges of textile industry are being addressed through participative approach. She also highlighted inter-ministerial coordination in launching the initiative of a holistic plan to increase cotton production and yield which enable the farmers to increase their income.

Lalit Kumar Gupta, CMD CCI highlighted the important role being played by CCI as central nodal agency in empowering cotton farmers by use of technology and providing an alternate market channel for selling their produce.

Rakesh Mehra, chairman, CITI, emphasised that cotton being the oldest fibre in the textile industry plays a significant role in driving economic growth, employment generation, and providing livelihood to farmers, women empowerment. He urged that cotton be produced more and more and increase productivity so that the industry gets the raw material at competitive prices.

Source: fibre2fashion.com– Oct 08, 2024

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Govt targets 1,000 kg cotton yield per hectare for 11 states: Giriraj Singh

Union Minister Giriraj Singh on Monday said the government has set a cotton yield target of 1,000 kilograms per hectare across 11 top cotton producing states as it aims to replicate the best practices followed in Akola, Maharashtra.

The Akola model of cotton production, also known as the High-Density Planting (HDPS) model, is a technique that involves planting more cotton plants in a smaller space. The model is being used in Akola to increase cotton yields and is expected to be replicated across the country.

India's current yield of around 450 kg per hectare is much lower than competitors like China, Australia and Brazil, among others.

Gujarat, Maharashtra, Telangana, Rajasthan, Karnataka, Andhra Pradesh, Haryana, Madhya Pradesh, Punjab and Odisha are among the top cotton producing states in India.

"We have decided and developed a model (for cotton production) based on (best practices followed in) Akola, Maharashtra. It is true that world over, in Japan, Brazil, Australia, China, cotton is produced at 2,000-2,200 kg of which 35 per cent cotton is produced whereas our production is 450-500 kg," Singh said.

The Union minister for textiles further stated that the cooperation of all cotton industry stakeholders is essential for improving yields.

"We have set a target of 1,000 kg across the 11 states based on the Akola model, basis cooperation of all stakeholders," Singh said.

The minister was speaking to reporters on the sidelines of an event organised by Confederation of Indian Textile Industry.

Source: business-standard.com– Oct 07, 2024

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Why is the textile industry struggling to perform better? | Explained

The story so far: Union Minister for Textiles Giriraj Singh recently said that the Indian textile and apparel sector is aiming for a total business of $350 billion annually by 2030, which is to generate 3.5 crore jobs. However, the industry went through a tumultuous phase during the last two financial years, casting a shadow on the possibility for 10% CAGR.

What is the status now?

The size of the Indian textile and apparel industry was estimated to be $153 billion in 2021, with almost $110 billion contributed by domestic business. In FY22, India was the third largest textile exporter globally, enjoying a 5.4% share. India is also said to have the second largest manufacturing capacity, with a robust capability across the value chain.

The sector's contribution to GDP is close to 2.3% (FY21) and 10.6% of total manufacturing Gross Value Added (GVA) in FY23. About 105 million people are employed by the textile and garment units, directly and indirectly. For an industry that has 80% of its capacity spread across MSMEs and is sensitive to international developments as it is strongly linked to global markets, FY2021-2022 saw tremendous growth with $43.4 billion exports.

However, slowdown in demand that started in 2022-2023 only worsened in FY24 with a slump in exports and domestic demand. This impacted manufacturing clusters severely. For instance, Tamil Nadu, which has the largest spinning capacity in the country, saw the closure of nearly 500 textile mills in the last two years. In Tiruppur, which is a knitwear production destination, many units saw a 40% drop in business in FY23.

Why did exports slump?

Geopolitical developments and a slump in demand in buying countries hit the exporting units. This was exacerbated by high raw material prices of both, cotton and Man Made Fibres (MMF), and the growing import of fabrics and garments.

The imposition of a 10% import duty on cotton has made Indian cotton more expensive compared to international prices. In the case of MMF, introduction of quality control orders has disturbed raw material availability and price stability. The industry is repeatedly demanding removal of the import duty on cotton at least during the off-season months of April to October. “This is an industry in which the stakeholders compete in the international market with countries that heavily support their domestic production capabilities. So, India needs schemes that run for at least five years and boost investments. Raw material should be available for the domestic industry at internationally competitive prices,” says a spokesperson of a leading industry association.

What are the other challenges?

Apart from policy issues, the industry is also staring at disruptions in its traditional business systems. Direct retailing to customers through e-commerce is a trend that is catching on among garment and home textile manufacturers, with more startups entering this space. A report by Wazir Advisors notes that “(Foreign) brands are fast-tracking the adoption of ESG sustainability across the supply chain.” They are defining their sustainability targets and want to source from vendors who will meet these targets. Further, there is a rise in comfort wear, loungewear, and athleisure as the emphasis on comfortable clothing has increased among consumers. “Even in the domestic market, much has changed in the way business is done. Customers in rural and semi-urban areas prefer to shop in multi-brand outlets or hyper markets. They do not want to step into outlets of less known brands,” said Palanisamy, a basic garment producer in Tiruppur.

What next?

The industry is looking at a $100 billion investment across various segments of the value chain by 2030 to augment production capacities and meet the $350 billion target. Labour constitutes roughly 10% of the production cost in the textile sector. The average daily wage of a trained textile worker is reported to be ₹550 a day. Unskilled workers earn about ₹450 a day. The industry has no option but to look at technology and skilling of its workforce to improve productivity and reduce wastages, say industry sources.

Source: thehindu.com– Oct 09, 2024

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Indian road logistics sector expected to grow 6-9% YoY in FY25: ICRA

The revenues of the Indian road logistics industry is expected to grow by a moderate 6-9 per cent year on year (YoY) in fiscal 2024-25 (FY25), according to ICRA.

Following some disruption in business activities during the first quarter (Q1) of FY25 amidst the general elections, the sector prepares for the much-awaited seasonally strong festive period.

An increase in manufacturing output amidst restocking and an uptick in consumer spending and e-commerce activities augur well for logistics demand, ICRA said in a note.

This, coupled with a favourable monsoon and the government's continued thrust on capital formation, is likely to support revenue growth.

ICRA maintains a 'stable' outlook for the sector, fuelled by various government measures and policies in favour of the sector and the expectation of a stable demand outlook from varied segments like e-commerce, fast moving consumer goods, retail, chemicals, pharmaceuticals and industrial goods.

ICRA foresees organised players to maintain the pricing premium amid an overall inflationary cost scenario and shall support operating profitability in FY25.

The e-way monthly volumes have grown steadily over the years and remained largely stable in the last four months at above 100 million, with August 2024 reporting all-time high volumes of 105 million, signifying resilient domestic trade and transportation activities.

Source: fibre2fashion.com– Oct 08, 2024

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E-com in India to hit $325 bn by 2030; 9.1% CAGR for retail till FY27

India's retail market was valued at $753 billion in fiscal 2022-23 (FY23) and is projected to post a 9.1 per cent compounded annual growth rate (CAGR) until FY27, the highest amongst large economies, while the country's e-commerce market is projected to hit $325 billion by 2030 at a CAGR of 21 per cent, according to a joint report by Deloitte and the Federation of Indian Chambers of Commerce and industry (FICCI).

India's retail, fast-moving consumer goods (FMCG) and e-commerce sectors are poised for significant transformation, and the economy has demonstrated remarkable resilience, with the consumer sector playing a pivotal role in its growth story, it said.

The expansion in the e-commerce market is driven by increased spending from affluent and middle-class households, said the report titled 'SPURring growth in FMCG, retail and e-commerce sectors in India'.

The e-commerce sector benefitted from a rise in demand for convenience and a diverse range of products, from fashion to electronics. Investments from both domestic and international players further fuelled this expansion, making e-commerce a pivotal component of India's retail landscape.

The report was launched at the 13th edition of 'FICCI MASSMERIZE 2024' conference in New Delhi recently.

New Indian consumers are making value-based choices of convenient, sustainable, healthy and locally-manufactured products and changing consumer preferences demand greater emphasis on innovation and digital adoption, the report said.

The government's strategy should focus on controlling inflation, enhancing credit access, implementing tax incentives, improving rural development, ensuring social security access and enhancing financial literacy, it suggested.

This growth trajectory positions India as a frontrunner in the global retail landscape, with the second-highest absolute industry turnover growth projected in the Asia Pacific region, a release from Deloitte said.

Amid growing optimism, the report highlights the need to decode a new retail code focusing on targeted reforms and policy changes to support innovation, improve infrastructure, update laws and ensure equitable development across urban and rural regions.

In addition, India's FMCG, e-commerce and retail sectors are increasingly relying on strategic mergers and acquisitions (M&As) to drive long-term growth and competitiveness.

The report reveals that consumers are shifting towards premium, sustainable and personalised products, prompting companies to innovate and upgrade their portfolios to meet these evolving needs.

This surge in consumer demand, combined with a growing focus on sustainability, health and digital adoption, has created fertile ground for increased M&A activity.

Source: fibre2fashion.com– Oct 08, 2024

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Higher yields may offset impact of lower acreage on cotton crop this kharif

India's cotton output for the 2024-25 cropping season is likely to be similar to last year's levels despite a dip in acreage on higher yields aided by timely rains and lower pest incidence, so far. The cotton acreage is down by 11 lakh hectares (lh) at 112.76 lakh ha as compared to previous year's 123.71 lakh ha with farmers shifting to other lucrative crops.

"Overall the crop condition is better than last year and is improving. The yields are likely to be better. The crop production will be similar to that of last year despite dip in area," said YG Prasad, Director, ICAR-Central Institute of Cotton Research in Nagpur.

As per the Agriculture Ministry's latest data, India's cotton production stood at 325.22 lakh bales of 170 kg each during 2023-24.

Prasad said the incidence of pest attacks, so far, is lower this year. "Pink bollworm (PBW) is not so much reported, while the incidence of sucking pests has been lower than last year due to rains. Many hybrids now being used by farmers are tolerant to sucking pests.

However, PBW is still a threat. In the North, wherever it is showing up, we are asking farmers to take up sprays, while in Central and South zones, it is yet to appear. It is a late season pest and the crop is delayed by a month. The impact of PBW will depend on how farmers manage it," Prasad said.

'Turning point'

Bhagirath Chaudhary, Director, South Asia Biotech Centre, said the low infestation of PBW in the North, where cotton arrivals are gaining pace, is expected to yield good quality cottonseed.

In Central and South, the PBW is in control with robust plant growth, adequate flowering and boll formation, with prevalence of root rot which needs to be tackled on priority basis to harvest bountiful cotton. "Kharif 2024 should be the turning point in cotton production to reverse the losses of previous 3-4 years" he said.

Anand Poppat, a broker in Gujarat estimates the crop size to be around 361 lakh bales on increase in yields, which is aided by timely rains and lower pest attack. “The crop is in good condition, despite heavy rains in some areas, across States such as Gujarat, Maharashtra, Madhya Pradesh, Telanagana, AP and Karnataka” Poppat said.

Pradeep Jain, President, Khandesh Gin Press Factory Owners and Traders Development Association, Jalgaon said as of today, the crop condition looks very good in the Khandesh area and the quality and yields are expected to be better than last year.

Last week, Atul Ganatra, President, Cotton Association of India had said it was too early to predict the 2024-25 crop size as there was lot of damage due to the recent rains and that the crop has been delayed by a month in Maharashtra and Gujarat.

Ramanuj Das Boob, a sourcing agent in Raichur, said the expectation of crop is good despite lower acreages and that the crop size would be similar to last year’s levels.

Source: thehindubusinessline.com– Oct 08, 2024

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