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INTERNATIONAL NEWS

Global trade grows but remains vulnerable to war and geopolitics

New research from the Center for Strategic and International Studies, a Washington think tank, has found that the Taiwan Strait is a conduit for more than a fifth of the world's seaborne trade, with $2.45 trillion worth of energy, electronics, minerals and other goods transiting the channel in 2022, the most recent year for which data is available.

WASHINGTON: The global system of container ships and tankers that move tens of billions of dollars of products around the world each day mostly functions fluidly and without notice. But in a few parts of the world, shipping lanes shrink to narrow straits or canals, geographical choke points where an isolated disruption can threaten to throw much of international trade out of whack.

One of those is the Taiwan Strait, a 100-mile-wide strip of water between Taiwan and mainland China, which has become a critical shipping lane for countries across the globe.

New research from the Center for Strategic and International Studies, a Washington think tank, has found that the strait is a conduit for more than a fifth of the world's seaborne trade, with $2.45 trillion worth of energy, electronics, minerals and other goods transiting the channel in 2022, the most recent year for which data is available.

The findings are significant given that the strait is at the center of a geopolitical dispute between Taiwan and China, which views the island as part of its territory. A blockade or military action from China that halted traffic in the strait could have dramatic implications for the global flow of goods, and the Chinese economy in particular, the researchers say.

The estimates come at a moment when geopolitics is upending years of relative complacency about global trade dynamics. Wars in Ukraine and the Middle East, as well as pandemic-era lockdowns, have reshuffled global trade patterns and alerted consumers to the idea that disruptions in one part of the world can directly affect economic activity in another.

In a report also released Thursday, the World Trade Organization said that the pace of global trade has been ticking up, but that rising geopolitical tensions and uncertainty over economic policy could drag it down.

In particular, a widening conflict in the Middle East, the global center of oil production, could tangle shipping lanes and raise oil prices, the group said. That could make it harder and more expensive for people around the world to import the energy, food and other products they depend on.

The organisation, which is based in Geneva, said it expected global goods trade to increase by 2.7% in 2024, slightly up from its previous forecasts, and 3% in 2025. That growth follows a contraction in 2023, when global trade fell by 1.1% amid higher inflation and rising interest rates.

The organisation said it had seen signs of global trade fracturing along political lines since the beginning of the war in Ukraine. Trade between countries that hold similar political views -- based on voting patterns at the U.N. General Assembly -- has grown 4% more quickly than trade between countries with differing views.

Ngozi Okonjo-Iweala, the group's director-general, said the organisation remained vigilant about potential setbacks for trade, "particularly the potential escalation of regional conflicts like those in the Middle East. The impact could be most severe for the countries directly involved, but they may also indirectly affect global energy costs and shipping routes," she added.

Beginning late last year, attacks by Yemen's Houthi rebels on commercial shipments in the Red Sea and the Gulf of Aden, which are responsible for about 15% of global trade, encouraged many ships to reroute around the southern tip of Africa, adding one or more weeks to the journey.

Earlier in 2023, global shipping traffic was also reshuffled after a drought limited the number of ships that could pass through the Panama Canal. Shipping costs have risen amid these disruptions, though they are still significantly below the highs seen during the pandemic.

And in March 2021, a container ship ran aground in the Suez Canal, blocking traffic there for six days.

The estimates by the Center for Strategic and International Studies suggest that the Taiwan Strait hosts an even larger percentage of global trade than any of these channels. Matthew P. Funaiole, a fellow with the China Power Project at the Center for Strategic and International Studies who worked on the Taiwan Strait study, said tensions in the region were "a global issue."

Any incident around Taiwan, such as an invasion or blockade, "would fundamentally disrupt the regular state of trade, and that would have a lot of economic consequences for a variety of countries," he said.

By correlating global ship traffic with country-level trade data, the researchers provide what they say are the first academically rigorous estimates of the volume of trade through the Taiwan Strait. Other than Taiwan itself, they find that the economy most exposed to disruptions in the strait is China, which sends $1.3 trillion of trade through the channel annually. The bulk of these shipments are Chinese imports of petroleum, metals, iron ore and other raw materials, as well as electronic components, that will feed Chinese power plants and factories.

The researchers calculated that the strait was a conduit for nearly a third of Japanese and Korean imports, and about a quarter of their exports. Nearly 27% of Australia's exports also pass through the strait, largely commodities like iron ore, coal and liquefied natural gas.

Of the five countries that are most dependent on the Taiwan Strait for their trade traffic, four are in Africa. Congo alone sends about 70% of its total exports, primarily copper, cobalt and other metals, through the strait. Many Middle Eastern countries also send more than 30% of their exports through the strait, as they provide the fuel that powers China.

"We have all of a sudden become very alert to the fact that trade flows are complicated but they narrow in these strategic choke points," Funaiole said.

Source: economictimes.com– Oct 11, 2024

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USA: Textile and Apparel Imports Fall but Shipments from Malaysia Surge

Overall imports. Textile and apparel imports totaled 9.72 billion square meter equivalents in August, down 2.6 percent from July but up 12.9 percent from a year earlier.

Textile imports totaled 7.21 billion SME, down 2.8 percent for the month but up 17.5 percent from the previous year, while apparel imports of 2.51 billion SME were down 2.0 percent from July but up 1.4 percent from a year before.

Imports of textiles and apparel were 66.4 billion SME for the year to date in August, up 6.7 percent from the previous year. Textile imports were 49.7 billion SME, up 8.6 percent, while apparel imports totaled 16.7 billion SME, up 1.4 percent.

For the year ending in August 2024, total imports were up 5.3 percent compared to a year earlier, to 96.7 billion SME. Textile imports rose 8.0 percent to 72.2 billion SME while apparel imports fell 1.8 percent to 24.6 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for August 2024.

Country	SME	Monthly %	Annual %	YE %
China	3.40bn	-1.4	+7.7	+13.1
India	1.18 bn	-15.7	+51.3	+27.2
Egypt	645.8mn	-19.8	+90.9	-15.5
Vietnam	557.1 mn	-10.5	+4.2	+4.5
Malaysia	985.8mn	+100.9	+284.8	+52.3
Czech Rep.	301.4mn	-36.3	+18.6	-8.2
Turkey	444.6mn	+19.9	-7.3	+15.6
Pakistan	236.2mn	-12.6	-8.7	+5.6
Bangladesh	210.8mn	-13.3	-1.4	-11.7
Israel	147.6mn	-29.6	-53.9	+30.7

Source: strtrade.com– Oct 11, 2024

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Choose growth, give bizs levers to unlock investment, CBI to UK govt

The Confederation of British Industry (CBI) has suggested the government to boost productivity and investment via a more flexible apprenticeship levy as a first step towards the growth and skills levy and expand the Made Smarter Programme enabling digital adoption to support a skilled and reliable workforce.

In its recent Autumn Budget Submission, the trade body urged the government to build confidence in the transition to net zero by utilising tax incentives to drive investment into high-growth green technologies and bolster business certainty with a Business Tax Roadmap alongside long-term business rates reform.

With private capital in no short supply, key to delivering growth will be how the government and the industry work together to unlock it. Empowered by the right levers, business can switch gears to accelerate investment with confidence and certainty, CBI said in a release.

“Partnership is the key to solving the complex challenges firms are facing. Budgets are always a prioritisation of choices. For business the choice is clear: choose growth. By harnessing the innovation and insights of business, we can crowd in the private sector investment needed to scale our economy to new heights and fund our public services,” CBI chief executive Rain Newton-Smith said.

Businesses can only invest and be more productive if they have the support of a reliable workforce, equipped with the right skills. The government can support them by adding flexibility on which courses can be funded by the Apprenticeship Levy now while setting a timeline to implement the growth and skills levy, CBI said.

Expanding the Made Smarter Programme to all corners and sectors of the economy as part of a long-term National Technology Adoption Strategy would allow businesses in low-productivity sectors, especially small and medium enterprises, to accelerate their technology adoption journeys, boosting operational resilience and productivity, it noted.

Announcing an ambitious package of non-taxable health support would make it easier for employers to invest in the health of their employees and support the government's own target of reducing economic inactivity due to ill health and achieving an 80-per cent employment rate, it said.

Green tax incentives should form part of a comprehensive strategy to promote high-growth green technologies. A new Green Innovation Credit, a 10-per cent corporation tax rate for green profits as well as an enhanced green super-deduction would help unlock private sector research and development and ensure the UK remains internationally competitive as it seizes the prize of green growth.

The government can accelerate the transition to Net Zero by linking the UK and European Union carbon pricing systems, to improve the attractiveness of the emissions trading market and accelerate decarbonisation, CBI suggested.

A linkage of the two systems would prevent carbon leakage and prevent costly implementation of the Carbon Border Adjustment Mechanism.

A Net Zero investment plan outlining investment requirements, targets and a delivery plan for reaching net zero emissions by 2025 would crowd-in private investment to maximise growth in sectors receiving public investment, CBI added.

Source: fibre2fashion.com– Oct 10, 2024

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ICE cotton hits 3-week low amid crude oil weakness, market sell-off

ICE cotton declined nearly 2 per cent on Tuesday, driven by weakness in crude oil and a reduced threat to the US cotton crop. The ICE cotton contract dropped to a three-week low. A downward trend in the global financial and Chinese commodity markets also dampened market sentiment. However, the ICE cotton contract traded higher in early Wednesday's session.

Yesterday, the ICE December cotton contract settled at 72.27 cents per pound (0.453 kg), down by 1.26 cents. It reached as low as 71.11 cents, the lowest level since September 19.

Crude oil tanked by more than 4 per cent due to the possibility of a ceasefire between Hezbollah and Israel. However, concerns about potential attacks on Iranian oil infrastructure still lingered. The sharp decline in crude oil prices led to a drop in cotton, which is a natural alternative to polyester fibre.

On October 8, trading volume reached 55,494 contracts, marking the highest activity in two and a half weeks, with 38,060 contracts cleared the previous day. Total open interest in cotton futures rose by 2,603 contracts on October 8, reaching 243,334 contracts—the highest since April 9 (244,710 contracts). Open interest has increased in six of the last seven sessions, with a net rise of 13,079 contracts. ICE's deliverable cotton futures contract stocks remained unchanged at 265 bales as of October 7.

Market experts noted that a weak opening in the Chinese commodity market, coupled with falling stock markets, also weighed on cotton futures. Cotton demand was mixed, primarily limited to subsistence needs, though it was better than other times of the year. The market saw long-covering and proprietary selling early in the day, which added to the pressure.

The US Department of Agriculture (USDA) reported that, as of the week ending October 6, the quality of US cotton was rated at 29 per cent, down from 31 per cent the previous week and 32 per cent in the same period last year. The US cotton harvest was 26 per cent complete, compared to 20 per cent the prior week, 23 per cent a year ago, and a five-year average of 22 per cent.

Hurricane Milton, expected to make landfall on Florida's Gulf Coast as a Category-3 storm, currently poses no threat to the cotton crop unless its path changes significantly. Clean-up efforts from Hurricane Helene, which affected areas from Florida to North Carolina, are ongoing, with significant disruptions in the southern US. Discussions regarding cotton crop losses from Helene, estimated at 300,000 to 500,000 bales, are still underway.

At present, ICE cotton for December 2024 was trading at 72.67 cents per pound, up by 0.40 cents. Cash cotton settled at 66.27 cents (down 1.26 cents), the October contract at 72.03 cents (down 1.26 cents), the March 2025 contract at 74.83 cents per pound (up 0.41 cents), the May 2025 contract at 76.15 cents (up 0.40 cents), and the July 2025 contract at 76.91 cents (up 0.38 cents). A few contracts remained unchanged from the previous closing, with no trading activity noted for the day.

Source: fibre2fashion.com– Oct 09, 2024

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After a Series of Disruptive Years, U.S. Economy and Global Cotton Market Are Calming

Four years ago, fashion week shows were held online, retail stores became fulfillment centers, adults and school children stayed in pajamas and loungewear all day as many began remote work and schooling and there were more wild animals on city streets than shoppers. Things were decidedly not normal, thanks to the Covid-19 pandemic.

Of course, all of this affected the fashion industry from the brands and retailers to the textile manufacturers, the mills and farmers that produce natural fibers like cotton. Subsequent sourcing interruptions, inflation and concerns about recession were some of the pandemic's lasting effects. But now, experts say it seems we're "coming back to normal."

And that's good news as the industry recently acknowledged the third official United Nations World Cotton Day on Oct. 7. The day is meant to acknowledge that "cotton is more than just a commodity. This natural fabric is a life-changing product worldwide that sustains 32 million growers (almost half of them women) and benefits over 100 million families across 80 countries in five continents."

In his last Monthly Economic Letter, Cotton Incorporated's Jon Devine, senior economist in the corporate strategy and program metrics division, states that after several months of decline, cotton prices stabilized in August.

"Things have been tougher for U.S. growers because prices are down," Devine told the Lifestyle Monitor™ in an interview. "But for manufacturers, they should gradually see things come back to normal. The orders were overbooked up to the first half of 2022, but it's been really quiet since then because inflation and higher interest rates raised concerns about recession.

As we move beyond those fears, we should see a return to more predictable business conditions. This should be a relief because the volume on orders has been switching back and forth between zero and 10 in recent years. If orders can settle back at a comfortable six or seven and be less herky-jerky, it will bring more clarity and more ability to plan."

And retailers should be planning for a solid fourth quarter, according to the National Retail Federation's Jack Kleinhenz, chief economist.

"The momentum of the economy during the third quarter looks decent even though the labor market is showing some weakness," Kleinhenz told the Monitor™ in an interview. "Consumers have remained resilient and have been driving the economy. Spending for the first eight months of the year is very much in line with NRF's 2024 forecast of retail sales growth between 2.5 percent and 3.5 percent, which is great, although a bit of a slower pace than last year. The holiday shopping season is just around the corner, and we believe consumers will remain engaged for the holiday season."

Consumers remain challenged, though. For the last two years, the majority (68 percent) have said they are "very concerned" about the U.S. economy, according to Cotton Incorporated's Inflation and Supply Chain Survey (U.S. edition, Wave 8). Their top concerns focused on the prices of everyday goods like groceries and household items (58 percent), wages/salary keeping up with the cost of living (43 percent), and the cost of gas (32 percent).

These concerns, however, are not preventing them from spending. Shoppers were out in force during the recent Back-to-School shopping period. Consumers planned to spend an average of $472 on back-to-school clothes this year, up significantly from $378 in 2023, but down from $520 in 2022, according to Cotton Incorporated's 2024 Lifestyle Monitor™ Survey. The higher spending in 2022 reflects Devine's assessment that consumers were making up for not spending during the pandemic when work-from-home and distance learning were widespread.

But for consumers to have planned to spend so much more this year than last, especially given their economic concerns, signals a bit of a difference between what they cite as a concern versus their actual spending.

"Yes, there is a disconnect between consumer attitudes and consumer spending," Kleinhenz says. "Consumer confidence survey data shows figures typically associated with a slowdown or in recessionary territory for some time. [But] American consumers like to spend and have had the capacity to spend despite higher prices."

Overall, most U.S. shoppers agree that clothes shopping is a fun, social activity (64 percent), according to the Inflation and Supply Chain Survey. And most say they “feel hopeful for the future” (65 percent).

Even though consumers have been spending, retailers have been managing inventories and have been careful with orders due to concerns about an impending looming recession. Despite sluggish downstream demand, cotton prices briefly reached $1 per pound in the early part of 2024. This surge was driven by worries regarding the availability of exportable supply.

More recently, the market has flipped its outlook. In the 2024/25 crop year, reflective of cotton being harvested now, a record volume of exportable supply is set to hit the market. With demand sluggish and supply available, prices retreated and have been trading at levels close to $0.70. For the supply chain, a silver lining of these lower prices is that a bottom may have been reached for the price of cotton after several years of higher values that followed the pandemic.

“Once you get the bottom in, that may help with profitability throughout the supply chain,” Devine says. “Somewhat counterintuitively, it is not a good thing for spinning mills when fiber prices drop. Yarn and downstream prices respond immediately to price changes. Meanwhile, the raw materials purchased at higher prices can take a few months to arrive. With the series of price decreases since their 2022 peak, manufacturers have been repeatedly getting their knees cut out from underneath them as cotton prices have moved lower.

Their financial situation was made worse by cautious order placement from retailers and brands due to their fears of recession. So, if we can finally get to a situation where the bottom is in for fiber prices, and then we come up off the bottom, that can help spinning mills in terms of their ability to stop losing money.

In addition, if recent and upcoming decreases in interest rates can lift fears of a possible recession, that can help get demand going, which could help participants throughout the supply chain, ranging from the growers to manufacturers.”

The Federal Reserve lowered interest rates by 0.50 percentage points, the first reduction in four years. Additionally, J.P. Morgan strategists believe there will be two more rate cuts in 2024, with cuts continuing into 2025. Devine says that when the Fed started increasing interest rates in March of 2022, there was a pullback in demand because higher interest rates are often followed by recessions. With the rate drop, confidence regarding the macroeconomic outlook may improve and orders may start to increase.

In 2025, growers probably won't plant as many acres of cotton here in the U.S. Lower prices and higher input costs present a tough situation for cotton producers. Devine says demand may eventually edge higher, which could help to deplete excess cotton stock, and potentially set growers and manufacturers up for a better price situation moving forward.

The market for cotton may also change with recent actions announced by the White House, where it's looking to enforce laws and address "significant increased abuse of the de minimis exemption, in particular China-founded e-commerce platforms, and strengthening efforts to target and block shipments that violate U.S. laws." Currently, import shipments are eligible for de minimis exemption if the package is valued at $800 or less. The shipments enter the U.S. with less information than other imports and are not subject to duties or taxes.

Direct-to-consumer retailers Temu and Shein have benefited greatly from the de minimis loophole. Both China-based companies rely heavily on inexpensive synthetic/manmade materials. Changes to the de minimis rule could potentially stem the flow of low-price synthetic goods, and encourage consumers to look for better quality, more durable apparel that benefits U.S. brands.

As far as cotton production, the biggest year-over-year increase is expected to come from the U.S., which has seen an increase of about 2.5 million more bales than last year. But the increase only seems so big because in 2023, the U.S. market saw its smallest crop since the 1980s.

Overall, the U.S. market has seen a decrease in production that stems from issues with weather.

"We get one shot at planting, then the planting is already done and the forecast moves lower," Devine explains. "Things got hot and dry in Texas and that affects the crop outlook, that's the big piece. Then smaller pieces are things like storms that have been coming through that could have some impact. But the big factor is always West Texas, which is an important growing region. They haven't had enough water in recent years, and it's the same story this year even though they got off to a better start. They planted more acres. And we were hoping to have a big crop. But it's difficult land leading to lower yields. So, we're sort of dead center to where we've been for the past five years, which have all been affected by drought out there in Texas."

The U.S. cotton prices also contracted due to strong Brazilian production, which reached 14.6 million bales in the most recent crop year, a record for the country. Devine explains that as a tropical country, Brazil's agricultural environment is year-round. Over the past 10 years or so, farmers have planted two crops on the same land within the same year. For instance, they can plant soybeans, harvest them and then plant corn or cotton right after that, increasing production in their acreage without increasing their acreage. Everywhere else in the world, growers can usually only plant one crop. Since Brazil has so much to export, its prices dropped into the spring, which drove down prices on U.S. cotton.

Globally, the U.S. Department of Agriculture expects 2024/25 will see decreases in global production (-1.2 million bales to 116.4 million) and mill use (-463,0000 to 115.7 million).

In Pakistan, cotton production has seen a decrease of -300,000 bales to 5.7 million, but its spot prices increased from \$0.76 to \$0.81 cents per pound. Devine says several factors have come into play that have affected Pakistan's production.

"Pakistan had issues with their cotton seeds," Devine explains. Seeds can have different traits, including the ability to protect the seed from pests. "They haven't had the best controls, so they have lost some of that protection over time. They need new seeds to come in. They've also had issues with flooding. And the financial situation as a whole isn't great in Pakistan. Also, the weather has been really hot to the point that at times this year, temperatures were about 120 degrees. So, they have had challenges on several fronts."

India's spot prices increased from \$0.86 to \$0.90 per pound. India's production decreased by -500,000 bales to 24 million. The country also had issues with weather over the last few months and their crop numbers are getting smaller. However, India implemented minimum support price (MSP) guarantees to growers over the past several years. When prices were higher and above the guaranteed price, it wasn't a problem. But now that prices are lower, the Indian government will likely need to step in, as the MSPs are enforced by the government. This also means the government would take possession of the cotton and withhold it from the market. But unlike in China, where cotton can be stored for years, storage in India is usually for just a period of months. The cotton may come back on the market only to be sold at a loss.

China remains the world's largest cotton producer. Its production increased +300,000 bales to 27.8 million. China also has a reserve stock that was brought in last year, making their market well supplied moving into the 2025 season. This means it's decreasing its imports by -500,000 bales to 9.5 million. That's a big difference from last year when the country replenished its stock with imports from countries that included the U.S., Brazil, Australia and West Africa. Another concern is that while Chinese consumers have represented a tremendous market for both apparel and textiles, the outlook for growth is sluggish right now.

"As they came out of Covid, the collapse in the housing market is a huge issue for them," Devine says. "We've seen housing prices there decrease anywhere from 15 percent to maybe 20 percent, so that's a big impact on the household finance situation in China. And if household finances aren't looking good, they're going to be less likely to spend. We are seeing some stimulus come out in China, but nothing really in comparison to what was released in the U.S. and Western markets with Covid. We're probably not going to see the strength of consumer demand that we've seen in the past couple of decades."

But in the U.S., again the overall economic outlook is favorable, and the outlook for cotton pricing is seeming to head in a positive direction.

"The bottom on pricing should be pretty close in terms of fiber prices," Devine says. "And as we move on from there, we can get some profitability brought back into the market."

The Cotton Incorporated Lifestyle Monitor™ Survey is an ongoing research program that measures consumer attitudes and behaviors relating to apparel, shopping, fashion, sustainability, and more.

Source: sourcingjournal.com– Oct 10, 2024

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UK's consumer card spend increases by 1.2%, retail sales recovering

Consumer card spending in the UK increased by 1.2 per cent in September, after returning to growth in August, but remained lower than the latest Consumer Prices Index (CPI) including owner occupiers' housing costs (CPIH) inflation rate of 3.1 per cent, as per a Barclays report. Amid widespread discounting and promotional activity, retail sales are showing signs of recovery, driven by strong performance of clothing and beauty.

Spending on clothing increased 23.6 per cent month-on-month and 4.5 per cent year-on-year—the first uplift for the category in 2024, and its highest growth since July 2022—while department stores saw their greatest boost (5.5 per cent) since August 2023.

Non-essential spending saw its highest growth so far this year, at 2.7 per cent, as retailers' discounting incentivised shoppers. Several retail sub-categories enjoyed a strong performance, such as clothing, health and beauty, and department stores, while entertainment spend increased by 14.4 per cent, according to the Barclays Consumer Spend report.

Seven in 10 (70 per cent) consumers are looking for ways to get more value from their weekly shop or reduce how much they spend, up from 66 per cent in August, and higher than the 67 per cent 2024 average. Of those seeking savings, half (47 per cent) are looking out for loyalty scheme discounts and deals, while 46 per cent are using vouchers or loyalty points to get money off their shopping. This comes as two-fifths (39 per cent) of Brits say they are trying 'slow shopping', by being more intentional and discerning with their purchases.

Overall retail spending rose 1.1 per cent in September compared to the same period last year – a marked improvement after the sector endured a challenging summer, as retailers' discounting and promotional activity incentivised shoppers during back-to-school season.

In addition to being encouraged by markdowns, consumers are feeling more confident in their ability to spend on what matters most to them, with half (53 per cent) saying there are treats and luxury purchases they continue to buy, even when trying to budget.

Those prioritising new clothes and accessories (24 per cent) spend £73 (~$95.49), while beauty spenders (18 per cent) fork out £65 (~$85.03) each. This is reflected in the 8.9 per cent boost the category enjoyed in September—its highest growth this year—with recent Barclays Consumer Spend data showing that health and beauty has consistently outperformed broader non-essential spending since the start of 2023.

As Christmas products hit supermarket shelves, a quarter of Brits (23 per cent) anticipate that the upcoming festive season will be more expensive than last year. Cost-conscious Brits (15 per cent) have also started saving money for Christmas, with keeping an eye out for festive offers (26 per cent), and buying gifts in advance to spread costs (22 per cent) popular ways to reduce costs.

Karen Johnson, head of retail at Barclays, said: "Retail's recovery emerged as a bright spot in September, despite there being colder weather and darker evenings on the horizon. While shoppers remain cost-conscious, it's clear they're responsive to retailers' promotional activity. Discerning shoppers are also finding room for treats and little luxuries within their budget, demonstrating that consumers are prioritising spending on things that bring them joy. While many are anticipating a costly Christmas, there are encouraging signs that people feel confident in their ability to manage their household finances and take control of their festive spending."

Source: fibre2fashion.com– Oct 10, 2024

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Is Fashion Sustainability Moving Fast Enough?

"Sustainability is just a slogan unless you make it commercially viable."

Such a sentiment, spoken by Alex Zar, owner of LA-based premium footwear and handbag factory Lalaland, is catching on as the fashion industry makes meaningful shifts from "intention to action." But while companies are partnering up, ideating and innovating, there's still a long way to go to meet established goals for 2030 and beyond.

Denim is a good place to start, as consumers show no signs of diminishing their love for this high-impact fashion category. From trialing next-gen fibers and developing new performance weaves to partnering with suppliers to streamline processes, global denim mills are active participants in ensuring the industry's more sustainable and responsible future.

In synthetics, there's also an intense race for circular polyester. Fashion brands are ceding plastic bottles back to the plastic bottle industry (where they can be resurrected infinitely), and focusing on textile-to-textile recycling as a more viable solution. Inditex has earmarked tens of millions of euros into securing a pipeline of textile waste-derived polyester from Ambercycle, while H&M Group is snapping up capacity of Syre's so-called "circular" polyester to the tune of $600 million. Additionally, Patagonia and Zalando have placed million-dollar bets to separate the fibers in polyester-cotton-blended clothing and transmute them into new garments.

Fast fashion, of course, bears much of the responsibility—and wrath—for production waste and growing landfills. Beyond pushing fast fashion to recycle its textiles, some feel the way to "fix" the problem is to tax it.

From France's "kill bill" to Australia's recycling levy, global leaders are exploring fast fashion taxes to hold brands (and consumers) accountable. "By holding companies accountable, the tax encourages a shift toward more ethical and eco-friendly fashion, fostering circularity and reducing waste," said Keith Fraley, assistant professor at the Fashion Institute of Technology.

But if brands and retailers really want to reduce emissions throughout, they need to look further up the supply chain. Scope 3 emissions make up the bulk of overall GHG emissions, but they can be the hardest for industry players to address.

“The reason that emissions are not coming down—or certainly aren’t coming down fast enough—is that brands are really only tackling the low-hanging fruit at this stage, when it comes to working with their suppliers to actually phase out fossil fuels,” said Rachel Kitchin, senior corporate climate campaigner for fashion and IT at Stand.Earth.

With fashion operating on razor-thin margins, it’s no wonder that without the security of sustained business from brands or a good-faith cash infusion, many suppliers are unable or unwilling to pony up the funds to revamp their operations.

Despite progress on ambitious targets related to climate impact and emissions reduction over the past few years, as the industry inches closer to its deadlines, many companies seem to be stagnating—or worse, backsliding.

The fashion industry tends to move as a pack, not wanting to take risks alone, said Kitchin. “[We need] more collaboration from brands willing to step forward and say, ‘We’re going to organize financing. We’re going to organize a funding model. We’re going to provide a fund for suppliers to make the kind of capital investments they need to support their energy transitions and their energy efficiency processes.’”

Source: sourcingjournal.com– Oct 10, 2024

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EU Green Rules: A ripple effect on prices, investments, and the European consumer

The forthcoming EU Green Rules are poised to reshape the landscape for suppliers, buyers, and consumers across Europe. As the bloc strengthens its commitment to sustainability and ethical practices, a closer look at the price impacts, investment needs, and consumer implications reveals a complex picture. These regulations, such as the Corporate Sustainability Due Diligence Directive (CSDDD), mandate sustainable practices throughout the global supply chain, putting higher pressure on major international brands to ensure compliance.

Price hikes and investment demands for suppliers

The EU's ambitious environmental regulations are set to increase costs for suppliers across various industries. From stricter emissions standards to sustainable sourcing requirements, businesses face the challenge of adapting their operations to comply. The brunt of this impact will be felt most acutely by suppliers in low-income countries, like those highlighted in the clothing industry case study. Suppliers, particularly in low-income countries like Bangladesh, will likely need to secure new contracts and financial support to meet these costs. The report predicts that transitioning to green practices will require a staggering $1 trillion investment, raising questions about the financial burden on suppliers, particularly those in developing economies.

Navigating the impact on buyers

The price increases at the supplier level will inevitably trickle down to buyers, forcing them to re-evaluate their sourcing strategies and potentially absorb higher costs. This will be especially challenging for businesses operating on tight margins.

As seen in the clothing sector, major brands are being urged to share the financial and logistical burdens with their suppliers to navigate this transition smoothly. The impact on global clothing brands is also notable. The new regulations will inevitably lead to increased costs, as brands invest in sustainable practices and technologies. These additional expenses may be passed on to consumers, potentially leading to higher prices for clothing.

What does it mean for the European consumer?

For European consumers, the new regulations may lead to slightly higher clothing prices. However, they can also expect to see more sustainable and ethically produced clothing on the market. Consumers are becoming increasingly conscious of the environmental and social impacts of their purchases. The EU's green rules may help drive demand for sustainable clothing, incentivizing brands to prioritize sustainability throughout their supply chains.

Thus the EU's forthcoming green regulations will undoubtedly have a significant impact on the global clothing industry. The regulations signal a shift towards a more sustainable and ethical future for the fashion industry, but also present challenges in terms of cost and investment. Collaboration between brands and suppliers will be crucial to navigating this transition successfully.

Source: fashionatingworld.com– Oct 10, 2024

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Europe shows the way with its waste-to-wealth initiatives, recycling hubs

A quiet but powerful transformation is underway in the European Union. The continent, once burdened by mounting waste, is steadily evolving into a hub of recycling innovation. The rise in recycling initiatives and increasing recognition of waste as a valuable resource are paving the way for a thriving recycling industry.

As Thomas Fischer, Deputy Director of management research at the German research institute ITA Denkendorf, explained during a recent ITMAconnect webinar, "Europe will suddenly become a region with a lot of raw material, and the more waste that is collected, the more sense it will make to establish recycling hubs."

A mountain of opportunity

This prediction seems to be coming true. The European Union generated a staggering 2.24 billion tons of waste in 2020, according to Eurostat. However, recycling rates are also rising, with 48 per cent of municipal waste being recycled or composted.

This growing volume of recycled material is creating a fertile ground for the recycling industry to flourish. This waste is increasingly being viewed not as a burden, but as a valuable resource. Advanced recycling technologies are unlocking the potential to extract valuable materials from waste streams, creating new economic opportunities and reducing dependence on virgin resources.

Several factors are contributing to this positive trend. One major factor is the stringent regulations that EU has implemented and the ambitious waste management targets, pushing member states to reduce landfill and increase recycling. This regulatory pressure is stimulating investment in recycling infrastructure and technology. Meanwhile, innovations in sorting, processing, and recycling technologies are making it possible to recover more materials from waste streams, boosting the efficiency and profitability of recycling operations. And Europeans are increasingly aware of the environmental impact of waste and are demanding more sustainable products and packaging. This consumer pressure is encouraging businesses to embrace circular economy principles and invest in recycling.

Countries take the lead

Several initiatives across the EU showcase the potential of this new recycling revolution

• The Netherlands: With a recycling rate of over 50 per cent, the Netherlands stands as a beacon of success. The country has invested heavily in waste sorting and collection infrastructure, and its citizens have embraced recycling as a way of life. It is home to several state-of-the-art recycling plants, such as the ARN Recycling Plant in Weert, which processes over 200,000 tons of plastic packaging waste annually.

• Sweden: Sweden has achieved remarkable progress in waste management, with less than 1 per cent of its household waste ending up in landfills. This Scandinavian nation has taken an innovative approach to waste management, generating energy from non-recyclable waste through incineration. The heat and electricity produced are used to power homes and businesses, making Sweden a net importer of waste.

• Germany: The birthplace of the 'Green Dot' recycling system, Germany has a long history of waste management leadership. Germany recycles 67 per cent of municipal waste. The country's recycling initiatives are underpinned by stringent regulations and a strong emphasis on producer responsibility.

Recycling hubs for waste management

The emergence of 'recycling hubs' is a key trend in the EU's waste management landscape. These centralized facilities utilize advanced sorting and processing technologies to extract valuable materials from waste streams, creating high-quality secondary raw materials for use in manufacturing. The more waste collected, the more economically viable these hubs become, resulting in a positive feedback loop that drives further recycling.

As technology advances and circular economy principles gain traction, the European recycling industry is industry is expected to become more efficient and profitable, generating jobs and contributing to a more sustainable future.

The journey from a waste-burdened continent to a recycling powerhouse is a testament to the EU's commitment to environmental protection and resource efficiency. The rise of the recycling industry is not just an economic opportunity, but also a crucial step towards a greener and more resilient Europe.

Source: fashionatingworld.com– Oct 10, 2024

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Bangladesh's Q1 FY25 exports up 5.04% YoY; garment exports up 5.34%

Bangladesh's export earnings saw a 6.78-per cent ($220-million) year-on-year (YoY) growth in September this year to $3.51 billion, according to the Export Promotion Bureau (EPB).

EPB data showed that in the first quarter (July-September) of fiscal 2024-25, the country's export earnings grew by 5.04 per cent ($10.82 billion) YoY to reach $11.37 billion.

Readymade garments (RMG) ruled the overseas market during this quarter, bagging $9.29 billion—a 5.34 per cent YoY growth, domestic media outlets reported.

Out of that, export of knitwear was worth $ 5.22 billion—a rise of 5.72 per cent YoY, while that of woven garments in Q1 FY25 was worth $4.07 billion—an increase of 4.85 per cent YoY.

Source: fibre2fashion.com– Oct 11, 2024

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NATIONAL NEWS

Textile at 2030: $350 bln industry, Rs 90,000 cr investment, says govt

India's textiles sector is set for significant expansion, with an 11% year-on-year growth in Ready-Made Garments (RMG) of all Textiles exports, as per India's trade data of August 2024, signaling a bright future. The Textiles sector in the country is expected to grow to USD 350 billion by 2030, driven by India's inherent strengths and a strong policy framework that encourages investment and exports. With end-to-end value chain capability, a strong raw material base, a large export footprint and a vibrant and rapidly expanding domestic market, India is a traditional leader in the textiles sector. The encouraging reports of a number of investment decisions in the pipeline are healthy portents for the industry.

A number of schemes and policy initiatives as part of the government's roadmap aim to leverage and catalyse these inherent strengths to help the textile sector achieve the USD 350 billion goal by 2030. While over Rs. 90,000 Crore of investment is expected to flow through PM Mega Integrated Textile Region and Apparel (PM MITRA) Park and Production Linked Incentive (PLI) Scheme in the next 3-5 years, schemes like the National Technical Textiles Mission are expected to help India acquire leadership position in emerging sectors such as technical textiles.

Last month, Prime Minister Shri Narendra Modi laid the foundation stone of the PM MITRA Park at Amaravati in Maharashtra. This is one of the 7 Parks sanctioned across the country under the flagship PM MITRA Park scheme. With world class infrastructure including plug and play facilities, PM MITRA Parks shall be a major step in realizing the vision of making India a global hub for textile manufacturing investment and exports. Each PM MITRA Park when complete is expected to attract an investment of Rs 10,000 crores and generate nearly 1 lakh direct employment & 2 lakh indirect employment.

PLI Scheme, with a total projected investment of over Rs. 28,000 crore, projected turnover of over Rs. 2,00,000 crore and proposed employment generation of nearly 2.5 lakhs is intended to promote production of MMF Apparel & Fabrics and Technical Textiles products in the country to enable textile industry to achieve size and scale.

The National Technical Textiles Mission is specialized mission with a focus on developing usage of technical textiles in various flagship missions and programmes of the country including strategic sectors. The Mission promotes startups and research projects covering specialty fibres and composites, geotextiles, agro textiles, protective textiles, medical textiles, defence textiles, sports textiles, and environment friendly textiles.

The supportive policy framework at the central level is supplemented by the policy initiatives of a number of states with a high growth potential in textiles.

Source: pib.gov.in– Oct 11, 2024

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Leading organisations sign MoUs with TEXPROCIL to elevate Kasturi Cotton Bharat brand

At the World Cotton Day 2024 celebrations, co-hosted by the Ministry of Textiles, Confederation of Indian Textile Industries (CITI), Cotton Corporation of India (CCI) and other leading industry organisations signed MoUs with Sunil Patwari, Chairman, The Cotton Textiles Export Promotion Council (TEXPROCIL) to help elevate Kasturi Cotton Bharat, India's premium cotton brand, across the cotton value chain—from sustainable farming to textile manufacturing and brand adoption.

One of the most pivotal MoUs signed during the occasion was between Rakesh Mehra, Chairman, CITI and TEXPROCIL to promote awareness and enhance the quality of Indian cotton, ensuring farmers benefit from the Kasturi Cotton mark. Through this MoU, CITI plans to optimise cotton production across hectare under the CITI-CDRA Sustainability Program.

Jyoti Kapoor, Country Director – India, Better Cotton Initiative also signed an MoU to support sustainably sourced cotton, reinforcing one of the key pillars of the Kasturi Cotton initiative. Kinner Lakhani, Chief Operating Officer, CottonConnect, also teamed up with TEXPROCIL to help farmers align their cultivation with Kasturi Cotton's quality standards, fostering responsible growth practices and enhancing farmer livelihoods.

Dr Pradeep Kumar Agarwal, Trident Group also signed an MoU to utilise over 500,000 bales of Kasturi Cotton over the next two cotton seasons, while Vardhman Group pledged to process 21,000 bales during the upcoming season.

Furthermore, Rahul Mehta, Chief Mentor, Clothing Manufacturers Association of India (CMAI), signed an MoU to promote the brand among its members, amplifying Kasturi Cotton's presence across fashion and apparel platforms. The Brands and Sourcing Leaders Association (BSL) also plans to sign an MoU to enhance the global marketing and branding of Kasturi Cotton, using its expertise to integrate the cotton into contemporary fashion designs.

Source: fashionatingworld.com– Oct 09, 2024

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Ratan Tata: The visionary behind India's fashion retail innovation

The Tata family has made substantial contributions to India's economic landscape by seamlessly integrating business with socio-economic development. The group is one of India's largest and oldest conglomerates, boasting a diverse portfolio of companies across various sectors. Key subsidiaries include Tata Steel, a leading manufacturer in the steel industry; Tata Motors, renowned for its automotive innovations; Tata Consultancy Services (TCS), a global leader in IT services and consulting; Tata Power, which focuses on energy and sustainability; and Tata Chemicals, specialising in chemicals and crop solutions. Other notable enterprises include Tata Airlines (now Air India), Tata Communications, and Titan, celebrated for its watches and jewellery.

Ratan Tata made one of his most significant contributions to the Indian fashion industry through Trent Limited, the retail arm of the Tata Group. Under his visionary leadership, Trent emerged as a powerhouse in India's fashion retail sector. In 1998, he introduced Westside, a brand that revolutionised the country's fashion landscape. Today, Westside is a household name, known for offering affordable, contemporary fashion for men, women, and children across India.

Under Tata's guidance, Westside set a new standard for quality and design in Indian retail, expanding not only in major city malls but also into large shopping centres in smaller towns. By doing so, it made stylish, high-quality fashion accessible to millions of Indians. This approach—elevating shopping to an experience that is easy, beautiful, and accessible—transformed the way Indians engage with fashion. Westside brought global design trends, infused with Indian sensibilities, to a growing middle class, allowing them, for the first time, to express their identity through clothing choices.

Westside: Trent's premier lifestyle brand

Westside, Trent's flagship lifestyle brand, offers a curated selection of fashion apparel, footwear, and accessories, along with an extensive range of home furnishings and decor. With a strong presence across the entire value chain—from design and production to supply chain, retail stores, and customer engagement—Westside delivers a seamless shopping experience.

Known for its exclusive in-house brands, Westside stays ahead of the latest fashion trends, catering to a broad spectrum of style-conscious consumers across various segments. With stores in cities across India and a growing online presence through Westside.com and Tata Neu, Westside ensures accessibility to its unique offerings both in-store and digitally.

Trent’s sales growth trajectory

Sales data for Trent Ltd from 2018 to 2024 reveal a dynamic growth trajectory marked by significant fluctuations. Starting at ₹2,157.46 crore (~$257 million), sales increased to ₹3,485.98 crore (~$416.81 million). However, in 2021, the company faced notable challenges, leading to a decline to ₹2,592.96 crore (~$308.58 million).

Following this dip, Trent Ltd rebounded strongly, experiencing a remarkable surge in sales to ₹4,498.02 crore (~$536.4 million) in FY22, then to ₹8,242 crore (~$982.29 million) in FY23, and finally reaching ₹12,375.11 crore (~$1,474.98 million) in FY24. This impressive growth, particularly in recent years, indicates the effectiveness of the company’s strategies and strong market demand, positioning Trent Ltd for a promising future despite earlier setbacks.

This expansion is clearly illustrated in the graph for FY24, which shows a remarkable 248 per cent year-on-year increase. A significant driver of this growth trajectory has been the expansion of brands such as Zudio, Misbu, Utsa, and Samoh. This surge demonstrates Zudio's growing popularity and its substantial contribution to Trent Ltd's overall growth.

Zudio

Trent’s value fashion brand, Zudio, is centred around accessibility, offering a blend of style and functionality at unbeatable prices for women, men, and children. With exclusive in-house collections, Zudio provides fashion-forward options at highly competitive price points.

As a rapidly expanding brand, Zudio is dedicated to accessibility in every aspect—whether through affordable fashion, broad reach, or versatile lifestyle offerings. Strategically located in prominent retail spaces, Zudio stores deliver an exciting and engaging shopping experience, making trendy fashion accessible to all.

Misbu

Misbu stores offer a carefully curated selection of beauty products, personal care items, fashion accessories, and decor, specifically designed for Gen Z and millennials. These compact stores create a fun and engaging shopping environment, featuring on-trend products at attractive price points. Misbu aims to provide a delightful shopping experience, making it easy for young consumers to discover and enjoy the latest styles and essentials.

Utsa

Utsa is a contemporary lifestyle destination for the modern Indian woman, offering a diverse range of apparel, footwear, innerwear, beauty products, and accessories. Serving as a portal of discovery, Utsa curates the finest selections from Westside, appealing to creative, discerning, and aspirational women. With its thoughtfully chosen offerings, Utsa empowers women to express their individuality and embrace their unique style.

Samoh

Samoh is an elevated occasion wear brand that offers a unique and sophisticated selection, focusing on elegant, expressive, and modern silhouettes that emphasise versatility. Featuring premium fabrics, intricate designs, and meticulous attention to detail, Samoh aims to be the go-to choice for customers seeking stylish and timeless attire for special occasions.

The brand delivers a touch of luxury and sophistication, ensuring customers feel exceptional while shopping for their memorable moments. Catering to those who appreciate a modern interpretation of cherished designs and motifs from the Indian hinterland, SAMOH's collection draws inspiration from traditional roots and seamlessly blends them with contemporary aesthetics.

Zara in the Indian market

During the later years of his chairmanship, Ratan Tata was instrumental in introducing Zara to the Indian market. The Tata-Inditex collaboration disrupted the landscape, competing with established luxury brands like Louis Vuitton, Chanel, and Gucci by offering premium collections accessible to middle-class consumers seeking trendy, international designs.

Click here for more details

Source: fibre2fashion.com– Oct 10, 2024

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India to witness a rise in cotton imports during 2024-25

Lower carry-forward stocks and a potential reduction in output due to decreased cotton acreage are likely to boost India's cotton imports during the 2024-25 crop year spanning Oct 24-Sep'25.

Traders are also likely to benefit by the lower global prices by reducing imports between November and March, says Atul Ganatra, President, Cotton Association of India (CAI). According to him, India's cotton imports may rise to 3.5 million bales during the year.

In the 2023-24 season, India had imported 1.64 million bales of cotton by Aug'24-end, reflecting concerns about the expected drop in domestic crop production as sowing declined by 1.2-1.3 million hectare.

There are no carry-forward stocks from the 2023-24 season although farmers continue to hold 3 million bales of kapas or unprocessed cotton, notes Ganatra. Reduced harvest areas will to lead to a 7 per cent decline in India's cotton production to 24 million bales of 480 pounds each during 2024-25 season as against 25.8 million bales recorded last year, adds Ganatra.

According to the August balance sheet of CAI, by Sep'24-end India's closing stocks had declined to 2.332 million bales from 2.89 million bales recorded in the previous year. The industry has already contracted shipments of 700,000 to 1 million bales for the Nov'24-Mar'25 period,, adds Ganatra. With an 11 per cent customs duty, the landed cost of Brazilian 28 mm cotton for delivery in Dec'24 stands at Rs 64,880 per candy, while Australian 29 mm cotton costs Rs 69,120. West African 28.7 mm cotton, which incurs a 5.5 per cent duty, is priced at Rs 63,480 for Mar'25 shipment and Apri-May delivery.

Ganatra says, it's too early to predict the size of the 2024-25 crop due to damage from recent rains, particularly in Maharashtra and Gujarat, where the crop has been delayed by about a month. Ramanuj Das Boob, Vice President, All India Cotton Brokers Association, adds, the industry witnessed a contraction of approximately 1 million bales when ICE futures traded at 66-67 cents per pound. However, ICE futures have since risen to 72-73 cents per pound.

According to Boob, further imports will depend on how Indian cotton prices react with the arrival of new crop, In Raichur, Karnataka, daily arrivals range between 3,000-5,000 bales, with prices ranging from Rs 7,000 to Rs 7,700 per quintal. While in Adoni, Telangana, prices range from Rs 7,000 to Rs 7,400 per quintal, though high moisture content of around 10 per cent slows purchases. The minimum support price for medium staple cotton is Rs 7,121 per quintal, while for long staple is priced at Rs 7,521. Despite the lower acreage, expectations for the crop remain optimistic, although the industry expects arrivals in Gujarat, Maharashtra, and Madhya Pradesh to be delayed.

Source: fashionatingworld.com– Oct 10, 2024

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Centre considers seed funding to establish a shipping insurance entity

With little progress in establishing a protection and indemnity (P&I) entity to insure cargo vessels, the Centre is considering deploying its own funds as preliminary investment. This approach would involve private insurers and shippers contributing at a secondary stage, according to multiple officials familiar with the development.

More than a year after Union Finance Minister Nirmala Sitharaman's unexpected announcement calling for a P&I entity, the lack of regulatory clarity and the nascency of the Indian shipping sector have slowed progress on this key initiative.

The Ministry of Ports, Shipping, and Waterways initially requested insurers and shipping companies in February to provide the first layer of insurance for shippers and shipbuilders, with reinsurance expected to be managed by larger global players in a second layer.

"We've held several rounds of discussions, but the quantum of funds the industry is willing to commit won't be much. We're exploring options, including the possibility of an initial 'seed' fund once legislative provisions are in place," a senior official from the shipping ministry revealed. "This could be done directly or through the Maritime Development Fund, but we will need firm structure and clarity from the Department of Financial Services (DFS) before finalising anything."

An inter-ministerial consultation process has been ongoing this year to create the marine insurance entity, with industry representatives participating. Officials say the finance ministry is likely to propose an amendment to the Insurance Act, allowing mutual insurance associations — a critical provision that has impeded the formation of a P&I club. For now, the government is considering starting with a fixed premium framework.

Initially, the proposed P&I entity would cover only coastal and riverine vessels, which fall outside the international P&I framework and carry a lower risk profile, as previously reported.

The ministry is exploring international partnerships to pool funds for the insurance entity, potentially with government-backed funds or other P&I clubs, the official said, adding, but this would occur later, when the entity would be handling export-import cargo.

A senior finance ministry official noted that Indian-owned ships are currently insured in various countries, with premiums substantially higher for vessels navigating volatile regions like West Asia and Russia. “They (the shipping ministry and other stakeholders) want to explore options, possibly a mutual insurance model. India’s marine insurance sector is not very mature in providing coverage for shipping. We are trying to establish a mechanism to address this,” he explained.

“This will take time; talks are ongoing. It’s a significant decision, and we need to coordinate our efforts to make it successful. However, no timeline has been set,” said a top executive at a public sector insurance company involved in the consultative process.

Queries sent to the Ministry of Ports, Shipping, and Waterways, as well as the Ministry of Finance, remained unanswered until publication.

P&I insurance offers shipowners coverage against costs in the event of accidents that could impact cargo, human lives, and the environment. This coverage is typically provided through not-for-profit clubs of like-minded shipowners. The International Group, comprising 12 P&I clubs, offers marine liability coverage to approximately 90-95 percent of the world’s sea tonnage.

Source: business-standard.com– Oct 11, 2024

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E-commerce companies race to offer same-day, next-day delivery

E-commerce majors and companies are racing to fulfil orders this festive season as they pivot from the earlier timelines of 4-5 days delivery to same-day or next-day delivery.

With quick commerces looking to capture user base with 10-12 minute delivery, e-commerce players are looking to enhance delivery timelines.

Logistics experts said the demand for fast delivery has surged dramatically compared to last year's festive sales.

Over the past year, e-commerce majors and D2C firms have introduced same-day and next-day services to cater to customer demands.

Logistics players have noted a surge in demand by 4-5x for same-day and next-day deliveries.

"Delivery speeds during the festive season naturally improve due to increased demand, with line-haul trucks operating more frequently, however, this year we have seen a surge in fast delivery requests," said Vishwachetan Nadamani, Chief Operating Officer, Ecom Express.

In February this year, the company rolled out same-day and next-day deliveries in India's top 10 metro cities.
Faser Fulfilment

Echoing the same thought, Praharsh Chandra, CBO and Co-founder, Shadowfax said that e-commerce platforms and retailers are leveraging same-day delivery as a competitive advantage, responding to growing consumer expectations for faster fulfilment, especially during peak periods.

"At Shadowfax, our same-day delivery channel saw a five-fold growth on the first and second day of sales this year. Peak order volumes from last year to this year have increased by almost four times, with highlights like delivering 15,000 iPhones on day one of the sale," said Chandra.

Key categories such as electronics, beauty and personal care, fashion, and home goods have seen strong interest.

"Based on sales, the category with the highest demand has been electronics, especially mobile phones, and the second highest is fashion," Chandra added.

According to a report by Redseer Consultancy, this festive season players such as Amazon, Meesho, Flipkart and others are expected to clock a 20 per cent year-on-year rise in gross merchandise value, generating sales in the range of ₹1-1.2 lakh crore.

Source: thehindubusinessline.com– Oct 10, 2024

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