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Currency Watch			
USD	EUR	GBP	JPY
84.06	91.14	109.73	0.56

NATIONAL NEWS	
No	**Topics**
1	Looking into our export basket
2	Commerce Department preparing to deal with fallouts of Iran-Israel war
3	India extends first-ever rupee-denominated line of credit; Mauritius gets Rs 487 crore
4	India's textile and apparel exports soar in September 2024
5	Cargo volume at 12 major ports rises 5% to 413.74 MMT in Sep: Govt
6	Indian coastal vessels may not need trading licence for operations
7	India's industrial & warehousing leasing up 17% in Jan-Sep in 5 cities

INTERNATIONAL NEWS

Interpretation of USDA's Oct supply and demand report on cotton

1. USDA raises 2023/24 cotton consumption in its Oct report

In the global cotton supply and demand balance sheet released by the USDA in October, the data adjustments for the 2023/24 season are not significant. Specifically, the USDA has mainly increased the consumption by 150,000 tons to 24.79 million tons, with the primary adjustment being an increase of 110,000 tons in China's consumption to 8.38 million tons.

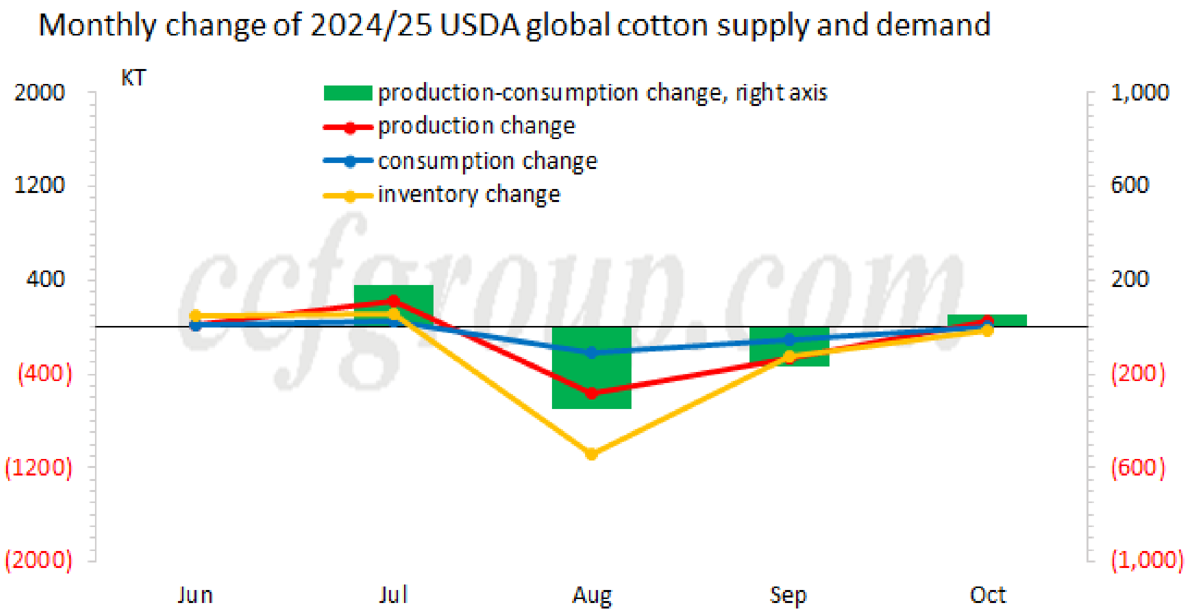
In other data, production was slightly raised by 20,000 tons, ending stocks were reduced by 90,000 tons, imports were increased by 50,000 tons, and exports were raised by 10,000 tons. Overall, influenced by the high production and exports of Brazilian cotton in 2023/24, global cotton trade volume has notably increased in a situation where global production has decreased, while the estimated consumption growth compared to the previous year is not significant, projected to only rise by around 260,000 tons.

2. USDA forecasts a higher production for 2024/25 season

Compared to the data from previous month, the fluctuations in the 2024/25 balance sheet continued to narrow, with production remaining the focus for the market. Specifically, the 2024/25 production has been revised upward by 50,000 tons to 25.4 million tons, primarily due to an increase of 70,000 tons in China and 20,000 tons in Brazil.

In contrast, the United States has adjusted its production downward by 70,000 tons to 3.09 million tons due to the adverse impact of recent hurricanes and other extreme weather, with no changes made to the production estimates of other major producing countries. Additionally, the USDA revised the beginning stocks down by 90,000 tons, and both import and export estimates were lowered by 110,000 tons, resulting in an ending stock reduction of 30,000 tons to 16.62 million tons.

Overall, as the harvesting and arrival progress in major producing countries advances, future production adjustments are expected to be relatively limited. In the short term, the main focus will still be on the production expectations in the United States and China, as well as the marketing situations in Pakistan and India. According to our statistics, there has been a significant decline in the new cotton arrivals in both India and Pakistan compared to the previous year. As of Oct 6, 2024, the cumulative arrivals for the 2024/25 season in India was 179,800 tons, representing a year-on-year decrease of 53%. As of Sep 30, the cumulative new cotton arrivals for Pakistan in the 2024/25 season reached 316,000 tons, down 59% from the previous year. This decline stems partly from a reduction in planting area and partly due to weather factors affecting the harvesting progress.



3. Brazil's CONAB forecasts high production for the 2024/25 season

According to the latest production forecast data released by CONAB in Oct, Brazil's total cotton production for the 2024/25 season is expected to be 3.665 million tons, an increase of 80,000 tons compared to the 2023/24 season.

The planting area for the new season has risen to 2.0013 million hectares, with a slight increase in production; however, yield has decreased compared to the previous year, falling to 122.1 kilograms per mu. Currently, Brazil continues to face export bottlenecks, with export expectations only slightly improving from the previous year, rising by just 80,000 tons. The quality advantage of U.S. cotton has diminished compared to Brazilian cotton due to this year's climate disasters in the U.S.

Overall, the USDA's downward adjustment of U.S. cotton production for the 2024/25 season in Oct was in line with market expectations. Setting aside the objectivity of the increase in China's production, it is evident that the production has gone through a process of significant adjustments to minor corrections thus far.

New cotton has arrived in the major cotton-producing countries, and it can be anticipated that there will be corrections to the production in the future, although the extent of these adjustments may not be substantial (sudden adverse weather conditions can still have a significant impact and will require close attention).

Aside from weather factors affecting supply, another point is that demand-wise. U.S. cotton export sales to China have been always important. However, due to declining quality of U.S. cotton and limited quota volumes, the export sales to China for the new crop year has remained stagnant; this continues to be a key issue going forward.

In addition, on the macroeconomic front, it has been the core factor driving fluctuations in ICE cotton futures recently. Currently, the Federal Reserve's ongoing discussions about a smaller scale of future interest rate cuts have led to a continuous rise in the U.S. dollar index. However, the realization of rate cuts and the adjustment of U.S. economic data will bring overly optimistic market expectations back to reality. Therefore, for ICE cotton futures, there is still a chance for a rebound after reaching a certain support level, with short-term support expected around 67cent/lb.

Source: ccfgroup.com– Oct 18, 2024

HOME

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Chinese policies ease growth risks, 2024 GDP growth may be 4.8%: Fitch

Several policy announcements by China should reduce downside risks to its growth, according to Fitch Ratings, which recently said no upgrades are needed to its real gross domestic product (GDP) growth forecasts for the country of 4.8 per cent in 2024 and 4.5 per cent in 2025.

Greater fiscal support is supportive of growth, but a deterioration in government debt metrics would add to downside pressure on China's sovereign rating depending on the degree to which it can induce an acceleration in underlying demand and ease deflationary pressures, the rating agency said in a release.

However, uncertainty persists around the magnitude and form of the fiscal response, it noted.

Fiscal policy was broadly neutral in over the first three quarters of the year, despite Fitch's and the budget's forecast of a slightly stimulatory stance.

The authorities now appear set to accelerate local government issuance of the unused special-purpose bond (SPB) quota, Fitch observed. This stepped-up issuance was included in Fitch's latest growth forecasts in September, but the risks of fiscal underspending in 2024 have reduced.

The fiscal policy announcements appear to be focusing on managing local government hidden debt risks through further 'debt swaps' and recapitalising bank balance sheets, Fitch noted.

Such measures are unlikely to significantly boost near-term economic activity, but could help address structural challenges from high economy-wide leverage, particularly among local government financing vehicles (LGFVs), which have been exacerbated by weak nominal growth, it remarked.

Details on more direct fiscal support measures are not yet fully clear, but the authorities have hinted at an increase in the deficit in 2025 as measures to support the property sector and consumption may be stepped up.

Fiscal and growth prospects remain central to the evolution of China's 'A+' sovereign rating, which Fitch put on negative outlook in April. A rising debt-to-GDP ratio could trigger further negative rating action, it added.

Source: fibre2fashion.com– Oct 18, 2024

HOME

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60% retail innovation leaders prioritising e-com investments: Survey

A recent survey by BCG and World Retail Congress revealed that 60 per cent of retail innovation leaders are prioritising investments in e-commerce.

Among these, two of the top investment areas are third-party marketplaces (42 per cent) and social commerce (39 per cent). Adopting a marketplace model allows for assortment expansion without significant scaling of internal operations, while deploying social commerce can enhance brand awareness and increase market share among younger shoppers. AI, including GenAI, was one of the top investment areas for all retailers (58 per cent) because it can help them boost efficiency, reduce lead times, manage complexity, and enhance creativity.

Most US retailers, however, are not moving fast enough relative to the market leaders Amazon and Walmart, which accounted for over 38 per cent of the US e-commerce market in 2023 and had a combined market share of over 50 per cent in several product categories.

Nor are they keeping pace with upstart Asian marketplaces such as Temu, whose rapid growth already ranks it among the top 20 e-commerce retailers in the United States.

The success and momentum of these leading retailers have created an innovate-or-perish moment for other retailers with e-commerce aspirations, the survey concluded.

Heightening the urgency is the ongoing upsurge of e-commerce itself. Forrester forecasts that over 70 per cent of total US retail sales will be digitally influenced by 2027. It's only a matter of time before the majority of retail sales across many categories in the US takes place via e-commerce, BCG said in an article on its website.

Increasing the end-to-end speed of their e-commerce initiatives—from identifying and testing opportunities to rapid scaling—will enhance traditional retailers' staying power in this growing market. The slower they move, the greater the risk that they continue to fall behind the innovative traditional retailers or fast-moving digital natives.

Overall marketplace sales are growing at a faster rate than first-party e-commerce sales, with Amazon and Walmart growing much faster than the remaining marketplace players in the United States.

Specialty retailers have also capitalized on opportunities to create marketplaces.

Temu, meanwhile, has demonstrated that digital natives can follow alternative paths to success. Its strategy of low-priced products and a social referral system has led to exponential growth over the last few years, catapulting Temu into an e-commerce leadership position.

The average prices of the products on the Temu platform are around 50 per cent less than the prices on Amazon. Large in-app discount campaigns result in a 10 per cent conversion rate versus the industry average of 2 per cent.

Source: fibre2fashion.com– Oct 18, 2024

HOME

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Achieving Socially Fair Decarbonization in Fashion Supply Chains

The fashion industry is trying to wake up and tackle the worryingly high environmental cost of its business.

Fashion brands have public announcements, ambitious climate targets and net-zero pledges. However, decarbonization efforts, coupled with operational demands, affect the people doing the manual labor in the garment industry. Since there is little to no information on the impacts on factory-floor workers of fashion's current sustainability practices, it is time to find solutions to the most pressing issue: how can fashion supply chains decarbonize, in socially fair and equitable ways?

We conducted multilevel field research, used in the organizational behavior field, to investigate an attempt to transition to low-carbon supply chains in the fashion industry. Situating this research in a fast-changing and politically, socially, and environmentally complex nation, Türkiye, which is a strategic production country for many fashion giants, we have focused on the experiences of the people working at 19 companies across tier-1 (finished garment manufacturers), tier-2 (fabric producers), and tier-3 (yarn making) to understand how fashion players achieve, or do not achieve, their climate and social goals and what key challenges and issues stand in the way of a just transition in complex supply chains.

Although there are many barriers to just transition to decarbonization throughout fashion supply chains, our research reveals two of the most significant barriers stem from incentive misalignment, particularly order imbalances and their impact on supplier performance scores, and structural power and the resulting governance structures in the fashion industry.

Order imbalance

Fashion's supply chain decarbonization is hindered by a lack of demand forecasting and supply chain planning by fashion brands. Most brands use performance scores to rate their suppliers. The fulfillment of orders is directly linked to the performance score of suppliers, with the score summarizing the supplier's performance across multiple categories, including environmental and social measures, quality, price and delivery.

Yet, brand buyers rarely give consistent order times or quantities, and this order imbalance results in, not only cost issues and resource consumption-linked environmental impact but also, specific social issues including unbalanced overtime and physical and psychological impacts on factory-floor workers. In our research, managers at multiple suppliers expressed that there were long periods during which orders were minimal and then periods when overtime was essential for meeting deliveries. Failing to meet orders, even when there were last-minute changes, resulted in performance score reductions.

Fashion giants, due to their size and dominance in the industry, have made public commitments on overtime and wages, with many stating that suppliers' workers should not work overtime and, if needed, not work more than the legal overtime limit (e.g., in Türkiye, a worker cannot work more than two hours after a nine-hour shift). Supplier managers, however, stated that overtime was a direct consequence of order imbalance, especially for cutting, sewing and finishing operations at garment manufacturing factories (tier-1 operations).

Suppliers and lower-tier suppliers stated that they can manage the investment and operational costs required for decarbonization only when there is an order guarantee and committed financial and emotional support from fashion giants. Supply chain decarbonization and living wages can only happen when fashion giants guarantee orders over longer periods and pay suppliers on time, which, in many cases, we did not see happening.

Responsible purchasing is antecedent to fair and equitable decarbonization in the supply chain. This article invites the fashion, purchasing and supply management community to change, challenge and update the way purchasing models, strategies and decisions are made within complex supply chains, and how academics research these issues.

Fashion giants have a target price from their sales and production teams. They inform suppliers what fabrics, items and methods to be use in the pursuit of design and operational efficiency. Buyers negotiate the price with suppliers, but these negotiations rarely include wages for lower-tier suppliers or the people who work for lower-tier suppliers. It is pivotal to state that living wage principles are not factored into existing purchasing models and practices. The prices set by fashion giants do not take into consideration workers' wages and, as a direct result, 98% of garment workers across global fashion supply chains do not earn a living wage.

Exclusive supply chain governance structures

The suppliers in our research are struggling to operate in an industry characterized by ever-increasing and often competing operational, financial and sustainability demands. These competing demands create pressure for direct suppliers who are expected to pass these demands onto their own suppliers. Direct suppliers face conflict and tension in both satisfying their buyer clients and in explaining, convincing, motivating and assisting their lower-tier suppliers. Direct suppliers and their lower-tier suppliers acknowledged their mutual dependence and used relational and collaborative methods and dialogue. But we did not see this happening between the fashion giants and their direct suppliers and rarely to never interact with lower-tier suppliers.

Brands and retailers define policies and procedures for short-, mid- and long-term operational as well as sustainability targets, but this does not involve supplier consultation. Neither suppliers nor factory-floor workers are included in goal setting or strategy development. Even though consultation, inclusion and representation of suppliers and factory-floor workers are imperative to ensure fair decarbonization, fashion supply chains are still characterized, almost exclusively, by top-down decision making, standardized performance tools and unreliable third-party audits.

Fashion giants that are not in dialogue with the people who make the garments, create management systems and tools that fail to understand their workers' needs and do not reflect the nuanced insights of the factory-floor workers that the fashion giants could benefit from. Suppliers and workers have useful, innovative and scalable ideas, for example how certain cut-and-sew techniques can reduce waste on the assembly line; what colors to abandon at the design stage to reduce water and chemicals in the dyeing and printing stages; how garment workers remake clothing designs developed by fashion designers to ensure both efficiency and sustainability. However, mechanisms to support, share and protect these suggestions are missing.

Exclusive governance structures result in a mismatch between fashion giants' and suppliers' perceptions when it comes to policies and strategies. For example, fashion giants' sustainability values, goals or vision were perceived very differently by suppliers than the way these brands intend. Furthermore, the use of third-party auditors increased the physical and emotional distance between the fashion giants and their lower-tier suppliers, effectively removing fashion giants from the issues supply chain workers face and the innovations they could provide.

How fashion giants' goals and strategies are perceived are very different to the reality. Suppliers do not understand what many are trying to achieve, why certain goals are set, who is setting them or how targets are supposed to be met. Without transparent communication, suppliers are left to make interpretations on their own and have no invitation to voice their opinions or contribute to these vital conversations.

We need a wholesale change in the procurement strategies and practices of fashion giants. They can no longer outsource their supplier management to third-party auditors with unreliable, ineffective and top-down monitoring mechanisms. We need true inclusion and real supply chain relationship management. It is time for a revolution in the fashion industry, transforming from an environmental and social pariah to a just transition trend-setter. Putting factory-floor workers front and center is key to achieving fair and equitable decarbonization in fashion supply chains.

Source: sourcingjournal.com– Oct 17, 2024

HOME

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Growth or Decline? Mixed Signals from US Apparel Imports in August ’24!

The US apparel import market has witnessed an intriguing shift in August 2024, with rising import volumes but declining values. This development sheds light on changing dynamics of global apparel trade, signalling evolving consumer trends and potential adjustments by brands and retailers.

According to the latest OTEXA data, analysed by Apparel Resources, US apparel imports increased by 1.34 per cent in quantity, reaching 2,502.29 million SME (Square Meter Equivalent) compared to August 2023. This uptick highlights stable or even growing demand for apparel among US consumers.

However, the import value decreased by 0.86 per cent to US $ 7.67 billion year-on-year, marking a decoupling between quantity and value.

Adding further complexity, month-on-month data shows a 2.68 per cent decline in import value from July 2024. This could reflect seasonal adjustments, subdued consumer spending, or inventory corrections by retailers managing stock levels cautiously.

The divergence between the volume and value of imports can be attributed to several possible factors. In August 2024, the average UVR (Unit Value Realisation) dropped 4.73 per cent, from US $ 3.13 in July 2024 to US $ 3.06. This decline further emphasises the trend toward lower-priced products or price negotiations between buyers and suppliers.

Despite the shifting dynamics, China maintained its position as the largest apparel exporter to the US, capturing 25.20 per cent of the total value share in August 2024. Vietnam followed closely with 19.16 per cent, while Bangladesh (7.96 per cent), Indonesia (5.22 per cent), and India (4.76 per cent) rounded out the top five exporters.

Source: apparelresources.com– Oct 17, 2024

HOME

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US' e-commerce giant eBay announces global expansion of CFF

Multinational e-commerce hub eBay has announced the global expansion of its Circular Fashion Fund (CFF). The fund is designed to help fashion start-ups scale circular solutions, from production to end-of-life, including rental and repair services.

The CFF will provide a global investment of $1.2 million to start-ups in the global markets by the end of 2025, and over 200 hours of mentoring and networking support for applicants from industry experts.

Since it launched in the UK in 2022, the CFF has helped 15 businesses scale their circular solutions including 'The Seam', which allows businesses to offer garment care and repair services at scale to extend the life of clothes, and RCYCL, creators of the innovative at-home fashion recycling programme for unwearable clothing. Now in its third year in the UK, the CFF is set to launch in the US and Germany for the first time having successfully expanded to Australia last year, eBay said in a press release.

In the US, in partnership with the Council of Fashion Designers of America (CFDA), the fund will launch for the first time in 2024. The winner in the US market will receive a $50,000 cash prize, whilst the two runners-up will receive $25,000 respectively. All three finalists will receive bespoke mentoring sessions, educational workshops and networking opportunities. The winners will be chosen by a judging panel of industry experts across fashion, academia and sustainability.

Past judges of this show included Hugo Adams, chief executive officer (CEO) of Kelpi Sustainable Materials and KITX Founder Kit Willow. To further amplify its impact, eBay Ventures will select one winner from the global selection of finalists to become 'Circular Fashion Innovator of the Year' and receive an investment of $300,000.

As part of eBay's commitment to the circular economy, the global expansion of the CFF extends its reach to invest in businesses that bring new technology and services to the market and help people think and shop differently. The company is transforming the buying and selling experience so that more brands, sellers and buyers can participate in circular fashion, added the press release.

Kirsty Keoghan, global general manager (GM) of fashion at eBay, said: "The Circular Fashion Fund is a catalyst for collaboration by combining the global scale and power of established companies like eBay with the creativity and innovation of nimble start-ups. We're not only helping to scale circular solutions but bringing together the most knowledgeable and respected experts in the industry. Together, we're making a positive impact on the circular economy and truly reshaping the future of fashion."

Steven Kolb, chief executive officer (CEO) of CFDA, commented: "eBay Circular Fashion Fund champions innovative solutions to sustainability in fashion and reflects CFDA's passion for driving change and motivation to reduce fashion's environmental impact. We wholeheartedly support eBay's investment in innovation and education, and their leadership in driving the circular fashion agenda while championing the innovators who are catalysts for positive change."

Applications are open from now until November 15, 2024.

Source: fibre2fashion.com– Oct 17, 2024

HOME

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China's new import policy will reshape Bangladesh's apparel & textile industry

China's move for a more favorable import policy for Bangladeshi goods, particularly in the apparel and textile sector, is expected to significantly alter the trade dynamics between the two nations. This shift has the potential to reshape the regional landscape, impacting other key players like India and Vietnam.

For decades, China has been a dominant player in the global textile industry, serving as a major supplier of raw materials and finished goods. Bangladesh, on the other hand, has emerged as a key garment manufacturing hub, leveraging its competitive labor costs to capture a significant share of the global apparel market. The trade relationship between the two countries has traditionally been characterized by Bangladesh's reliance on China for raw materials, particularly fibers and yarns. This is reflected in the trade data over recent years:

A look at the various sectors reveal, Bangladesh imports a significant portion of its raw fiber from China, particularly cotton and synthetic fibers. China is also a major supplier of yarn to Bangladesh, catering to the needs of its weaving and knitting industries. Similarly, Bangladesh's fabric imports from China have been steadily increasing, driven by the demand for high-quality and specialized fabrics. As for apparels, while Bangladesh primarily exports apparel, it also imports certain types of garments from China, particularly those requiring advanced manufacturing techniques.

Implications of China's new import policy

China's new import policy aims to reduce tariffs and ease import restrictions on a range of Bangladeshi products, including ready-made garments. This move is expected to boost Bangladesh's apparel exports to China, potentially reducing its trade deficit with the country.
Impact on Bangladesh

Higher exports: The policy is likely to lead to a surge in Bangladesh's apparel exports to China, providing a much-needed boost to the industry.

Market diversification: This presents an opportunity for Bangladesh to reduce its reliance on Western markets and diversify its export destinations.

Upgrading industry: To capitalize on this opportunity, Bangladesh will need to focus on improving the quality and value addition of its garment products.

Click here for more details

Source: fashionatingworld.com– Oct 17, 2024

HOME

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Bangladesh's GDP growth moderates to 5.2% in FY24: World Bank

Bangladesh's real gross domestic product (GDP) growth moderated to 5.2 per cent in FY24, primarily due to weak consumption and exports, said World Bank. The country's post-COVID recovery continues to be impacted by high inflation, balance of payments deficit, financial sector vulnerabilities, and increasingly limited job opportunities for its youth, especially women and educated youth.

The country's growth rate is expected to decelerate to 4.0 per cent in FY25, driven by subdued investment and industrial sector activities, before accelerating to 5.5 per cent in FY26 and returning to a robust growth trajectory, thereafter, as per the World Bank's Bangladesh Development Update.

The update highlights that global and domestic factors have created a challenging macro-fiscal context for the country. Bangladesh is also facing an increasing income inequality, particularly in urban areas.

From 2010 to 2022, Bangladesh's Gini index—a measure of income inequality—increased by nearly three points from 0.50 to 0.53. The report highlights urgent and bold reforms that are necessary to help the country return to a strong, inclusive and sustainable growth path.

Abdoulaye Seck, World Bank country director for Bangladesh and Bhutan said: "Time and again, Bangladesh has shown extraordinary resilience and determination in the face of adversity.

I am confident that with urgent and bold reforms to enhance economic and financial governance, improve business environment, Bangladesh can return to a strong and inclusive growth path, with millions of jobs for its youth."

Inflation, driven by high food and energy prices, averaged 9.7 per cent in FY24. Inflation spiked in the month of July and moderated in August. It is expected to remain elevated in the near term, but gradually subside in the medium term if supply-side issues stabilize and prudent monetary and fiscal policies are maintained.

The fiscal deficit is estimated to have moderated marginally to 4.5 per cent of GDP in FY24 and is expected to remain within the government's target of 4.3 per cent of GDP in FY25, with fiscal space for productive expenditures increasing only gradually. The implementation of the annual development plan declined to 80.9 per cent in FY24 compared to 85.2 per cent in FY23.

The current account deficit narrowed to $6.5 billion in FY24, due to a contraction in imports and robust remittances. Remittances declined in July due to disruptions but rebounded. The balance of payments deficit also improved.

“Pressure on the external sector is expected to persist in FY25, easing later if global conditions improve and exchange rate flexibility increases,” said Dhruv Sharma, World Bank senior economist and co-author of the report.

The Bangladesh Bank implemented a crawling peg exchange rate system as a step towards a market driven exchange rate system in May 2024 which leads to a narrowing in the gap between the formal and informal exchange rates.

Source: fibre2fashion.com– Oct 17, 2024

HOME

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Pakistan: Textile exports rise 18pc in September

The exports of textile and clothing recorded an increase of nearly 9.51 per cent in the first quarter of FY25 amid concerns that the industry was experiencing a slump, Pakistan Bureau of Statistics data showed on Thursday.

The exports from the sector had a negative growth of 3.09pc in July, which rebounded 13pc in August and 17.92pc in September.

Many experts believe that the textile sector may struggle to compete with regional rivals due to the implementation of harsh taxation measures in the current fiscal year. However, the disruption in supply from Bangladesh has also increased the demand for Pakistani garments.

Textile and clothing exports have stayed the same in the last two years despite having a $25 billion installed capacity. According to textile exporters, exports from the same sectors have been static for the past two years due to structural issues.

In absolute terms, the textile and clothing exports surged to $4.52bn in the first quarter (July-September) of FY25 from $4.13bn over the corresponding months last year.

The government has introduced various measures, including increasing the tax rate on exporters' personal income in 2024-25.

The PBS data showed the exports of readymade garments rose 23.17pc by value in the first quarter and 16.16pc by quantity, while knitwear rose 14.13pc by value and 2.17pc by quantity. Bedwear posted a growth of 13.31pc in value and a growth of 14.55pc in quantity.

Towel exports surged 7.04pc in value and 5.32pc in quantity in the first quarter of FY25, whereas cotton cloth went up by 10.20pc in value and 3.43pc in quantity, respectively.

Yarn exports dipped by over 48.45pc in the first three months this year over the same period last year. The exports of made-up articles, excluding towels, increased by 12.10pc, and tents, canvas, and tarpaulin grew by 5.43pc in the three months from a year ago. No export of raw cotton during the period under review.

The import of synthetic fibre posted a negative growth of 19.65pc in three months this year and that of synthetic and artificial silk yarn by 5pc. However, other textile items increased by 66.51pc during the months under review.

The import of raw cotton increased by 21.17pc in the first quarter of the current fiscal year from a year ago. However, the import of second-hand clothes posted a growth of 23.35pc. In July-September FY25, total exports increased by 14.61pc to $7.90bn, up from $6.90bn in the same months last year.

Source: dawn.com– Oct 18, 2024

HOME

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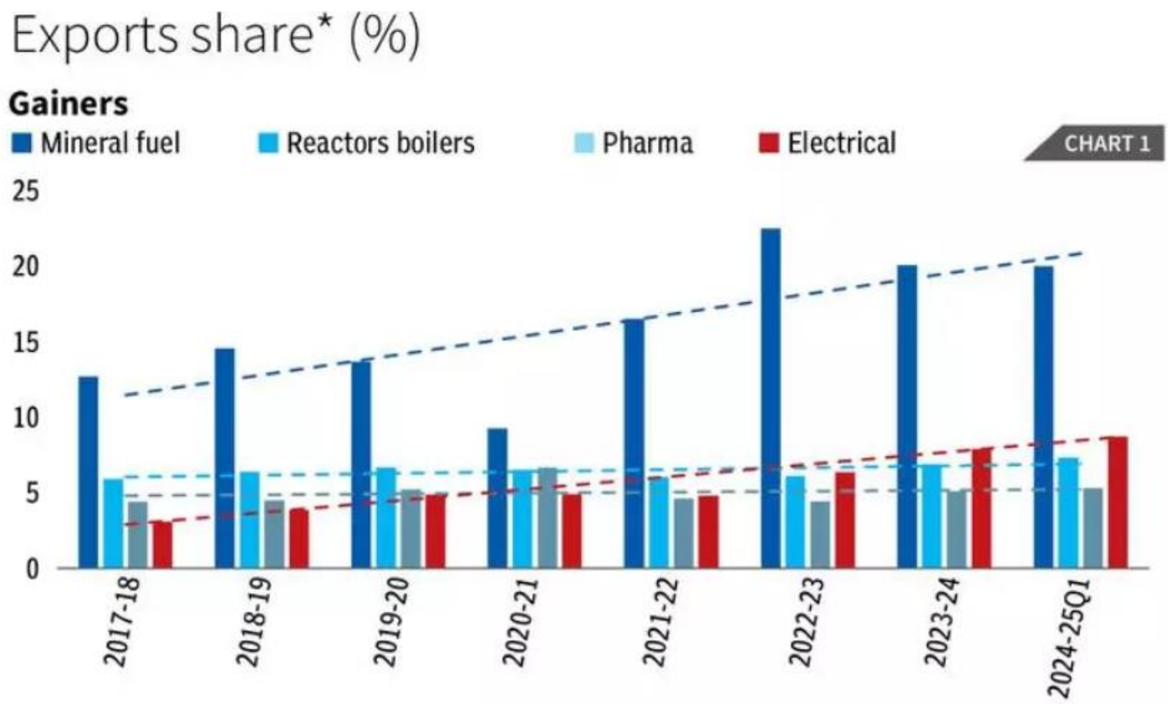
NATIONAL NEWS

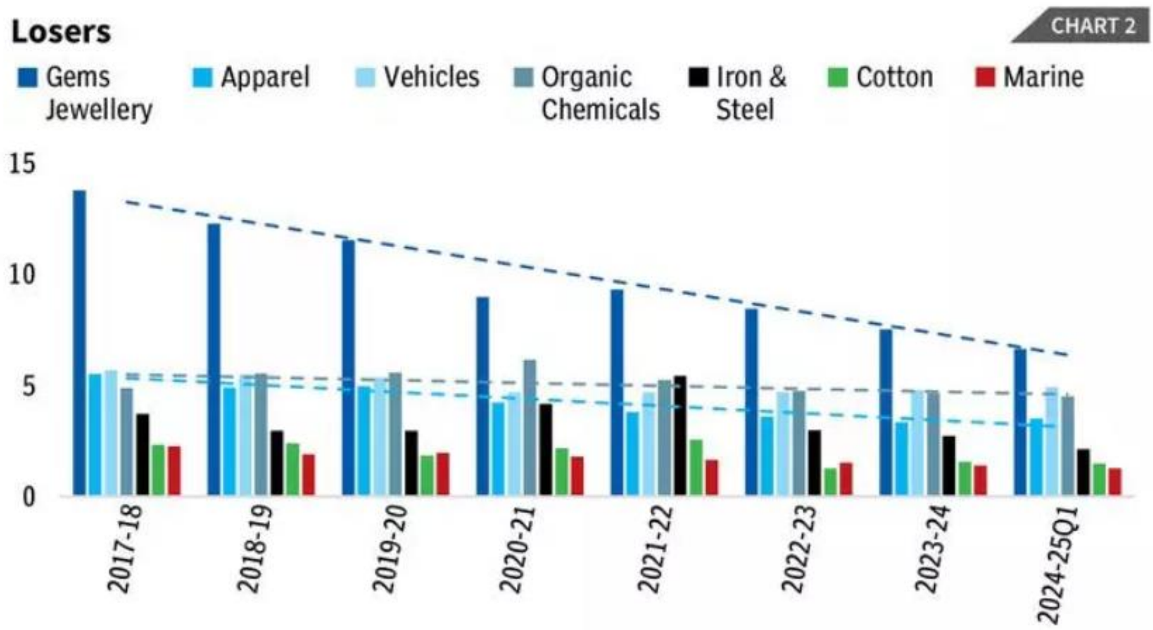
Looking into our export basket

This article examines the export share of India's top exporting industries from 2017-18 to the first quarter of 2024-25, covering both pre- and post-Covid years. Data from the EXIM database of the Ministry of Commerce is used for the analysis, highlighting the sectors that have gained, lost, or remained unchanged over this period.

Four sectors stand out as gainers: fuel, pharmaceuticals, electrical equipment, and nuclear reactors/boilers (Figure 1). Mineral fuel has seen the most significant growth, while pharmaceuticals and electrical equipment have gradually increased their export shares.



Notably, the electrical sector's export share (as a share of total merchandise exports) rose from 3 per cent in 2017-18 to 8.6 per cent in the first quarter of 2024-25, a remarkable achievement. In contrast, the reactors/boilers sector has remained relatively stagnant, with a modest increase in export share from 6.8 per cent last year to 7.3 per cent this fiscal quarter. Among the sectors that have seen a decline are gems and jewellery, apparel, vehicles, organic chemicals, the marine sector, iron and steel, and cotton (Figure 2).



Gems and jewellery, in particular, have steadily lost export share, dropping from 13.7 per cent in 2017-18 to 6.6 per cent by the first quarter of 2024- 25. Auto exports (excluding railway vehicles) also fell from 5.6 per cent to 4.7 per cent between 2017-18 and 2023- 24, with a slight uptick to 4.9 per cent in the current quarter.

Similarly, organic chemicals declined from 4.8 per cent to 4.5 per cent, and marine exports dropped from 2.2 per cent to 1.2 per cent over the same period. Meanwhile, sectors like cereals and iron and steel articles have remained relatively stagnant or shown only minor fluctuations in market share (Figure 3). Value-added petroleum products have seen significant growth in recent years, driven by the availability of cheap crude oil imports from Russia.

Skewed growth

This rise, however, has skewed India's export growth, as the increase is largely concentrated in this category and does not reflect substantial growth across other sectors. On the other hand, the electrical equipment and machinery sector has experienced steady export growth due to a consistent rise in global demand for products like power cables, generators, and turbines. Several sectors have experienced a decline in export shares due to various factors. These include reduced global demand in the auto industry, loss of competitive advantage in textiles, gems and jewellery, and infrastructure challenges in the marine sector.

Each of these issues requires careful examination, as there is no single solution that fits all. The constraints are specific to each industry and must be tackled with deeper insight and analysis.

Diversify exports

In conclusion, India's export landscape has undergone significant shifts between 2017-18 and 2024-25, with certain industries emerging as clear gainers while others have seen declines or stagnation. The fuel sector, driven by mineral fuel exports, has been the standout performer, alongside steady growth in the pharmaceuticals and electrical equipment sectors.

While these sectors have capitalised on evolving global demand, industries like nuclear reactors and boilers have seen only marginal improvements.

Despite being a late-comer to the technological revolution, India has achieved remarkable strides in achieving competitiveness in sectors such as electrical machinery, automobiles and pharmaceuticals. At the same time, India needs to develop sectors such as marine exports, that have potential for higher growth. To ensure long-term resilience, there is a need for export diversification across and develop a focused approach to sustain growth in high-performing sectors while addressing challenges in those that are lagging.

Source: thehindubusinessline.com– Oct 17, 2024

HOME

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Commerce Department preparing to deal with fallouts of Iran-Israel war

The Commerce Department is keeping a close watch on the developments in West Asia following the direct confrontation between Israel and Iran and is in continuous dialogue with the industry as India's bilateral trade has already taken a hit with countries in the region such as Israel, Iran, Jordan, Lebanon and Yemen so far, sources have said.

Any escalation of the situation between the two countries could impact entire West Asia impacting Indian exports to the region as well as Africa, an official said. "Till Iran got directly involved in the Israel-Palestine conflict, Indian traders managed their business and avoided the Houthi's attacks on the Red Sea by taking the longer alternative route of the Cape of Good Hope to Europe. But now if the situation escalates into a full-blown war, it will not be confined to just Iran and Israel," the official told businessline.

As West Asia is a big driver of demand and is also the route for exporting to Africa, India's exports to both regions could take a beating, the official said. He added that so far, barring a few items such as garments and apparel, other exports are mostly steady, but things could change as the ongoing war seems to be one that would be long drawn.

"Because of the direct conflict between Israel and Iran, sentiments in the Middle East have been definitely impacted. So I don't foresee much growth in the trade with the Middle East countries. If prices of oil go up, it may boost value but I don't see much volume-wise growth in these markets," said Ajay Sahai, Director General of the Federation of Indian Export Organisations.

In April-August 2024, India's exports to West Asia (barring the GCC countries) dropped by 28.57 per cent to $3.53 billion. Exports to Israel from India, which had already declined 13.6 per cent in FY24, fell further by 58.67 per cent in the first five months of the current fiscal to $791.8 million.

Exports to Iraq, which posted a 24.5 per cent growth in FY24, declined in April-August 2024 by 4.8 per cent to $1.38 billion. Exports to Jordan declined 52 per cent in the first five months of the fiscal to $280.5 million, while exports to Lebanon fell 10.56 per cent to $137.87 million.

Imports from West Asia (barring GCC) into India in April-August 2024 rose marginally by 3.4 per cent to $13.54 billion. However, imports from Israel took a beating and declined 42.17 per cent to $584.82 million.

"Since the West Asia conflict began last year, transit times to certain ports have increased, which has impacted our ability to supply certain product categories to certain countries," pointed out Fauzan Alavi, Director, Allanasons, an exporter of meat and food items.

He said not only had freight costs increased, but there were now very limited options available for shipping to the affected ports which has led to schedule unreliability.

If the escalation in the crisis negatively impacts shipping to African countries, Indian exports could take a further hit as exports to the continent in FY24 already declined 11.45 per cent to $45.33 billion.

"The Commerce Department is also in consultation with the Shipping Ministry which is looking at how the situation can be eased for traders. They are holding meetings with CONCOR to see if we can look into internal movement or relocation of containers. They are proactively engaged," Sahai said.

Source: thehindubusinessline.com– Oct 17, 2024

HOME

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India extends first-ever rupee-denominated line of credit; Mauritius gets Rs 487 crore

India has extended a new line of credit amounting to Rs 487.60 crore to the government of Mauritius for financing of a water pipeline replacement project, the Ministry of External Affairs said on Thursday.

"This is the first-ever rupee-denominated Line of Credit to have been extended by India for project financing to any country under the Indian Development and Economic Assistance Scheme (IDEAS)," the ministry said in a statement.

The project envisages replacement of nearly 100 km of obsolete water pipeline in Mauritius.

The government of India-supported line of credit will be financed by the State Bank of India at concessional terms.

External Affairs Minister S Jaishankar made the formal offer to his Mauritian counterpart, Maneesh Gobin, which has now been accepted by the government of Mauritius, it said.

"This is yet another reflection of India's long-standing commitment to overall socio-economic development of countries in the Global South. India's development projects continue to be driven by the aspirations and needs of its partner countries," the MEA said.

Source: economictimes.com– Oct 17, 2024

HOME

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India's textile and apparel exports soar in September 2024

India's textile and apparel industry continues its robust growth trajectory, with exports witnessing a significant upswing in September 2024. According to recent data released by the Confederation of Indian Textile Industry (CITI), textile exports for September 2024 reached $1,813.27 million, a 9.56% increase compared to the same period last year. Apparel exports demonstrated even more impressive growth, surging by 17.30% to reach $1,110.11 million.

This positive trend extends to the cumulative export figures for the first half of the fiscal year 2024 (April-September). Overall, textiles and apparel exports for this period have grown by 5.13% compared to the previous year. Notably, apparel exports have recorded a strong 8.51% growth, highlighting the increasing global demand for Indian apparel products.

CITI Chairman, Rakesh Mehra, expressed his optimism about the sector's performance, stating, "India's textile and apparel exports continue to show strong momentum, with a 12.38% growth in September 2024 over the previous year. Apparel exports, in particular, saw an impressive rise of 17.30%, reflecting the global demand for quality Indian products. The steady growth of 5.13% in cumulative exports for the first half of FY24 reinforces our sector's resilience and potential in driving economic progress."

Apparel exports outshine despite global slowdown

The Apparel Export Promotion Council (AEPC) echoed CITI's positive outlook. AEPC Chairman, Sudhir Sekhri, emphasized the sector's resilience in the face of global economic challenges. "India's RMG exports have outshined despite the global slowdown and continued inflationary pressure," Sekhri stated. "Even major exporting countries witnessed a slowdown in RMG export growth, and the WTO also lowered its growth projection for world merchandise trade."

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Source: fashionatingworld.com– Oct 17, 2024

HOME

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Cargo volume at 12 major ports rises 5% to 413.74 MMT in Sep: Govt

Cargo volume handled by 12 major ports rose by 5.03 per cent to 413.747 million metric tonnes (MMT) in September, the Ministry of Ports, Shipping and Waterways said on Thursday.

In its monthly summary for September 2024, the ministry said the 20th Maritime States Development Council (MSDC) meeting held last month, discussed the implementation of a State Ranking Framework and a Port Ranking System to foster healthy competition and drive performance improvements across India's maritime sector.

During the meeting, more than 100 issues from various states were deliberated and successfully resolved.

According to the ministry, several new and emerging challenges were also addressed, including the establishment of Places of Refuge (PoR) for ships in distress and the development of Radioactive Detection Equipment (RDE) infrastructure at ports to enhance security.

It said the transportation of cargo on National Waterways has reached 56.57 MMT for the April-August 2024 period, registering 4.54 per cent growth over the same period a year ago.

The ministry said that 3,39,768.74 MT of cargo moved on the Indo-Bangladesh Protocol route using Inland Water Transit & Trade Routes and National Waterways-1.

Source: business-standard.com– Oct 17, 2024

HOME

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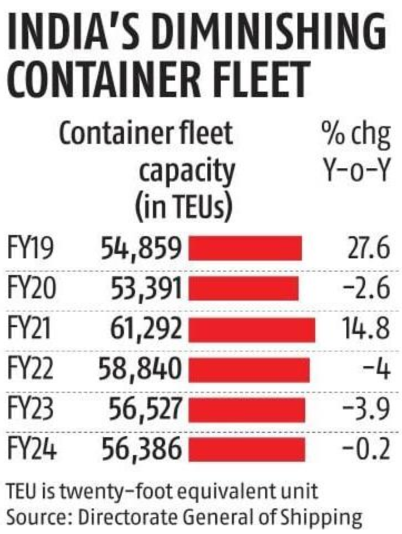
Indian coastal vessels may not need trading licence for operations

The Union Cabinet has approved the Coastal Shipping Bill, 2024, which will remove the requirement for Indian-flagged vessels to acquire a general trading licence to operate on coastal waters once it gets Parliament nod.



"In view of the strategic nature of coastal shipping to the domestic economy and efforts to give impetus to the sector, it was felt necessary to give due weight to coastal shipping provisions and make them easily accessible to the industry," officials aware of the developments said. "The Bill removes any licensing requirement for Indian vessels to participate in coastal trade. The licence conditions for foreign ships have been made statutory through this Bill," an official said.

A draft coastal shipping Bill had been introduced for public comments in 2020 as well. The legislation has been carved out of Part 14 of the Merchant Shipping Act, 1958, to allow procedural ease for provisions related to coastal shipping. This part will be repealed once the Bill is codified into legislation.

The Bill was not immediately available, as it would be laid in Parliament before dissemination, a Ministry of Ports, Shipping and Waterways official said. "The Bill seeks to enable statutory imposition of different licence conditions as to indigenous build or staffing of crew, etc., on foreign vessels engaged in coasting trade for their regulation, to provide impetus to the domestic coastal shipping economy," the official said.

Conditions on staffing of crew for foreign vessels are likely to allow the government to enforce a minimum number of Indian seafarers on all such coastal vessels. India contributes significantly to the global seafarer count.

The proposed legislation will also allow coastal vessels to be operated in inland waterways, along with the creation of a coastal shipping database.

Industry representatives feel the Bill is a major step in the right direction, but it needs to be supplemented with reliefs in provisions and tax burdens that pose a significant cash flow concern for domestic vessel owners and operators.

Shipowners had also sought the revocation of three orders passed in 2018 which provide exemptions for foreign-flagged vessels, putting domestic vessels at a competitive disadvantage.

Revoking coastal privileges for foreign vessels

The Directorate General of Shipping has moved to revoke three orders passed in 2018 which allowed foreign-flagged vessels chartered by foreign entities to engage in coastal trade for specific commodities, such as EXIM trans-shipment containers, empty containers, agricultural products, and fertilisers, without a licence from the regulator.

"Given the stagnation in Indian-flagged container shipping and the steady freight rates in coastal trade, the Ministry of Ports, Shipping & Waterways is considering the revocation of these General Orders to streamline regulations and improve operational efficiency, potentially boosting domestic shipping," the regulator said in its order.

It added that promoting Indian shipping through incentives and regulatory support could enhance service reliability and foster competition, positively influencing freight rates.

"It appears that the regulatory framework established by these general orders may have contributed to creating an uncompetitive and unfavourable operating environment for Indian shipping companies. Allegedly, operational and capital costs for Indian-flagged vessels are higher and exacerbated by domestic fiscal structures, which are said to have a contributing effect on increased operational expenses compared to foreign competitors," the regulator said.

"As a result, it seems Indian operators have gradually lost market share, leading to a growing reliance on foreign vessels for the transport of goods," it added.

Source: business-standard.com– Oct 17, 2024

HOME

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India's industrial & warehousing leasing up 17% in Jan-Sep in 5 cities

India's industrial and warehousing leasing witnessed 17 per cent year-on-year (YoY) growth during the first nine months this year across the top five cities of India, according to a report by Colliers.

About 20.2 million sq ft (msf) space was leased during the period in Mumbai, Pune, Bengaluru, Delhi National Capital Region (NCR) and Chennai.

Quarterly average space uptake has steadily increased from 5.7 msf in 2021 to 6.7 msf in 2024, indicating steady and sturdy growth in industrial and warehousing demand, a release from Colliers said.

During the first three quarters of 2024, Delhi NCR and Chennai cumulatively accounted for 53 per cent share in the overall leasing.

While third party logistics (3PL) players continued to dominate the overall demand, contributing to 35 per cent share in overall leasing, demand from engineering and fast moving consumer goods (FMCG) segments was significant. The sectors together accounted for 32 per cent of industrial and warehousing demand in 2024.

Additionally, industrial and warehousing space uptake by these segments are expected to remain upbeat with the upcoming festive season. Moreover, the rise of quick commerce players is likely to catalyse demand for bigger hub-warehouses across major urban centres, research by Colliers found.

At a micro market level, Bhiwandi in Mumbai witnessed 3.7 msf of leasing activity during the period, followed by Oragadam in Chennai and Chakan-Talegaon in Pune.

“On a quarterly basis, Q3 2024 saw about 7.3 msf of industrial and warehousing demand across the top five cities, an 18-per cent rise YoY. With 2.3 msf of leasing and about one-third share, Delhi NCR continued to drive quarterly demand. The demand in the region was led by large uptake of industrial and warehousing space in Bhaproda and Kulana micro markets. Across the top five cities, 3PL firms accounted for the bulk of quarterly demand led by Mumbai and Chennai," Vijay Ganesh, managing director, industrial & logistics services, Colliers India, said.

"Notably, engineering firms accounted for about 26 per cent share in overall demand during the third quarter, with large take up of space in Chennai and Delhi NCR. Moreover, with increased demand for quality grade A spaces replete with sustainable and technologically advanced features, leasing momentum by such firms is likely to continue over the next few years," he added.

"Taking cognizance of healthy demand across major cities and supportive government policies, 2024 can potentially close with record leasing activity to the tune of 25-30 msf. Improving logistics efficiencies, capacity augmentation and enhanced credibility of India as a global manufacturing hub will keep the growth momentum steady in the industrial and warehousing sector," Vimal Nadar, senior director and head of research, Colliers India, said.

During the nine months, large deals (more than 200,000 sq ft) accounted for about 40 per cent of the overall demand.

Source: fibre2fashion.com– Oct 18, 2024

HOME

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