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IBTEX No. 167 of 2024 October 22, 2024

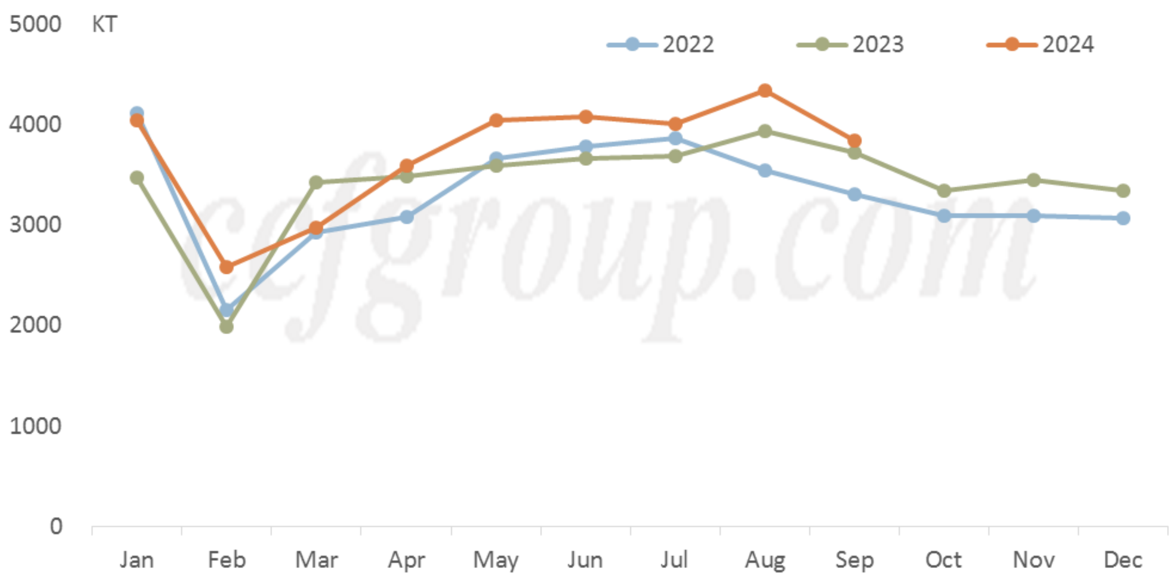
Currency Watch			
USD	EUR	GBP	JPY
84.08	90.98	109.30	0.56

INTERNATIONAL NEWS

China: Fiber, textile and clothing industry chain export in September

This year's export trade data has consistently shown a trend of increasing volume but decreasing prices. While the total export value has remained relatively flat, the actual export volume growth has been significant. Considering that this round of export volume recovery began in August last year, the export growth for August and September this year are particularly important.

Monthly export volume for Chapters 50-63



According to the latest data, there has been a turning point in the total export volume for chapters 50-63 in September, with a noticeable month-on-month decline, and year-on-year growth also began to face pressure.

The export volumes of many categories are still growing year-on-year, but most mainstream products have seen a month-on-month decrease.

The month-on-month decline in September was generally over 10%. If the slowdown in year-on-year growth can be attributed to the high base effect from the same period last year, then the across-the-board month-on-month decline is likely closely related to the recent fluctuations in the RMB exchange rate.

Chapter	Product	y-o-y	m-o-m
Chapter 50	Silk	-18%	-7%
Chapter 51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	-3%	-8%
Chapter 52	Cotton	6%	-7%
Chapter 53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	15%	57%
Chapter 54	Man-made filaments; strip and the like of man-made textile materials	0%	-11%
Chapter 55	Man-made staple fibres	5%	-12%
Chapter 56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	15%	-8%
Chapter 57	Carpets and other textile floor coverings	19%	-4%
Chapter 58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	14%	-9%
Chapter 59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for Industrial use	5%	-8%
Chapter 60	Knitted or crocheted fabrics	14%	-14%
Chapter 61	Articles of apparel and clothing accessories, knitted or crocheted	8%	-17%
Chapter 62	Articles of apparel and clothing accessories, not knitted or crocheted	8%	-16%
Chapter 63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	16%	-8%

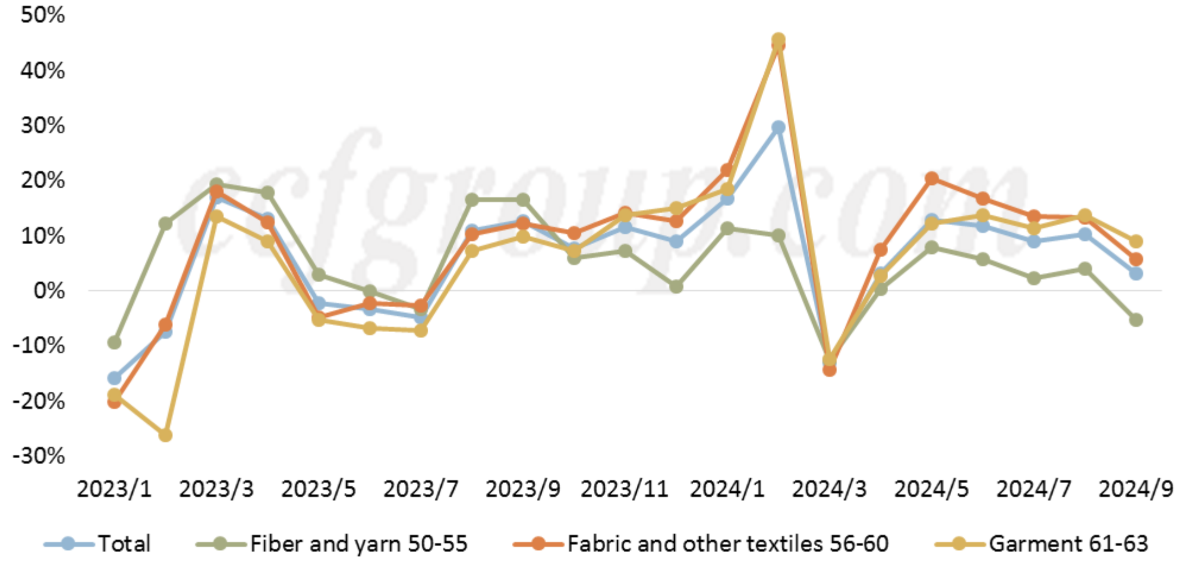
Firstly, due to the base effect, this year's cumulative year-on-year export growth has shown a gradual decline. Fabric and other textiles had performed the strongest at one point, but their growth rate has been accelerating downward in the past two months.

Nevertheless, fabric and other textiles still recorded a cumulative year-on-year growth of 13% from January to September, making them the segment with the highest growth rate.

		Sep, 2024 (y-o-y)	Sep, 2024 (m-o-m)	Jan-Sep, 2024 (y-o-y)
50-55	Fiber and yarn	-5%	-10%	2%
56-60	Fabric and other textiles	6%	-10%	13%
61-63	Garment	9%	-13%	11%
50-63	Total	3%	-12%	8%

Comparatively, the growth of fibers, yarns, and fabrics has been weaker overall this year, with polyester filament being a notable drag.

However, what deserves more attention now is the impact of exchange rate fluctuations. In the second half of the year, the external market has been volatile. The U.S. Federal Reserve initiated an interest rate cut path, which temporarily weakened the U.S. dollar index and reversed expectations for the RMB, leading to significant rebounds in both offshore and onshore RMB exchange rates. This shift has made foreign trade companies more cautious about exchange rate risks, which in turn made export order negotiations more challenging.



As central banks in the U.S., Japan, and Europe adjusted their monetary policy expectations in October, the U.S. dollar's trajectory was revised, causing renewed fluctuations in the exchange rate market. Additionally, political factors like the U.S. elections have added uncertainty, presenting more challenges to the foreign trade environment.

It remains uncertain how long this decline in exports will persist, but short-term market fluctuations seem inevitable, raising concerns about demand expectations.

Source: ccfgroup.com– Oct 22, 2024

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Economic growth in Europe and Central Asia to slow to 3.3% in 2024

Regional growth in the Europe and Central Asia is expected to moderate to 3.3 per cent this year from 3.5 per cent in 2023, slowing further to 2.6 per cent in 2025. Economic growth in the developing economies of this region is stabilising after a series of crises but at levels well below the early 2000s, as per a report by the World Bank.

The growth is significantly weaker than the 5.1 per cent average growth of 2000-09 and below what is needed for the region's middle-income countries to achieve their aspiration of attaining high-income status within a generation or two. Lower inflation is prompting some central banks to start cutting policy rates this year. Policy caution prevails, however, amid concerns about persistent price pressure, stated the World Bank's Economic Update for the Europe and Central Asia region.

"Countries of the Europe and Central Asia region have ably navigated the recent shocks of high inflation, the fallout from Russia's invasion of Ukraine, and weak expansion in the European Union, the region's key export market.

To achieve stronger productivity growth over the longer term, it will be important for the countries of the region to improve substantially the quality of both secondary and higher education, key for bolstering human capital and creativity," said Antonella Bassani, World Bank vice president for Europe and Central Asia.

Economic growth in the developing economies of Europe and Central Asia currently is underpinned by private consumption because of rising wages, government transfers to households, and falling inflation. Remittance inflows are also above pre-pandemic levels, and they continue to support economic expansion in the Western Balkans, the South Caucasus, and Central Asia, said the report.

Tourism is a bright spot in the region's growth story, however, recovery in goods exports has faded due to the slowdown in the European Union.

In Ukraine, substantial damage from Russia's invasion and extensive electricity disruptions are likely to slow growth from 5.3 per cent last year to 3.2 per cent this year and 2 per cent in 2025. In Russia, tighter monetary policy and increasingly binding constraints on production capacity and labour resources are expected to slow growth from 3.6 per cent in 2023 to 3.2 per cent this year and 1.6 per cent in 2025.

Growth in Turkiye, the region's second largest economy after Russia, is set to slow to 3.2 per cent this year, from 5.1 per cent in 2023 because of the ongoing rebalancing of the economy from consumption-led expansion and the normalisation of monetary and fiscal policies.

Source: fibre2fashion.com– Oct 20, 2024

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World Bank calls for more investment in PIC-11's future; growth slows

Growth across 11 Pacific Island countries (PIC-11) this year is estimated to have slowed significantly to 3.6 per cent, following a robust 5.8-per cent expansion in 2023, according to the World Bank's recent Pacific Economic Update.

This slowdown reflects the diminishing impact of the post-pandemic recovery, particularly in Fiji, which accounts for over half of the output of the PIC-11. Fiji's growth is projected to decelerate to 3.1 per cent, down sharply from 8 per cent in 2023, as economic activity returns to pre-pandemic levels.

Meanwhile, Solomon Islands is expected to see more moderate growth of 2.5 per cent, compared to 3 per cent in 2023, due to structural challenges limiting the economy's capacity to sustain higher growth rates.

The report, titled 'Diminishing Growth amid Global Uncertainty: Ramping Up Investment in the Pacific', underscores the urgent need for targeted investment to create jobs, improve infrastructure and build resilience against climate change amid global uncertainty in the region, the World Bank said in a press release.

These actions are crucial for improving the livelihoods of Pacific communities and narrowing the income gap with higher-income nations.

Growth in the region is settling into a slower pace, signaling a weaker outlook compared to past performance. This slowdown is attributed to weaker investment, increasing climate risks, and structural challenges, all amid continuing global uncertainty that continues to hold back progress.

The report emphasises that without immediate action to ramp up investment, Pacific nations may struggle to reduce poverty or generate new economic opportunities for the region's people.

The update offers six key recommendations to drive investment and ensure local communities benefit from economic growth. These include greater investment in high-potential sectors like agriculture, sustainable tourism, and the blue economy, which can create jobs and support rural livelihoods.

Improving infrastructure—such as roads, ports, and energy systems—will boost connectivity, enabling businesses to expand and creating more job opportunities.

Building fiscal and climate resilience is also critical. Investing in climate-resilient infrastructure, improving disaster preparedness, and building up financial reserves will protect communities from future shocks and ensure stability.

Attracting private investment will require regulatory reforms to make it easier for businesses to operate, which will promote growth in key sectors and foster local development.

Finally, enhancing access to finance, particularly for small businesses, will be essential for promoting sustainability and driving long-term growth. The report stresses the need to leverage international financial support to drive high-impact projects that directly benefit Pacific communities.

The Economic Update highlights that with the right policies boosting investment, Pacific nations can overcome current economic challenges, build a more resilient future, and create tangible benefits for communities, businesses and governments across the region.

Source: fibre2fashion.com– Oct 20, 2024

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Chinese e-commerce giants Temu, Shein expand in Vietnam, challenge local retailers

Chinese e-commerce platforms Temu and Shein are ramping up efforts to capture Vietnam's growing market by offering steep discounts and promotions. Temu, owned by PDD Holdings, recently launched in Vietnam, selling directly to consumers with offers such as free shipping for orders over ₫120,000 and hefty first-time purchase discounts. Similarly, Shein offers free shipping on orders above ₫200,000, enticing Vietnamese shoppers.

Vietnam's e-commerce market, which grew by 25 per cent annually, attracted major platforms like Taobao and JD.com, spurred by open policies and strong retail potential. The market is valued at $23.8 billion in 2023, ranking third in Southeast Asia.

However, the influx of cheap Chinese goods is pressuring local retailers. Platforms like Temu and TikTok offer lower-priced alternatives, forcing domestic sellers to compete on price. Some countries, including Indonesia, have already banned Temu to protect local businesses.

Experts argue Vietnam should regulate foreign platforms without banning them, ensuring local businesses can compete on a level playing field. The Ministry of Industry and Trade is working to enhance regulations and increase oversight to protect both consumers and local sellers in the rapidly growing digital marketplace.

Source: fashionatingworld.com– Oct 21, 2024

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Uniqlo aims for 90% reduction in greenhouse gas emission by 2030

With the launch of new initiatives like increased use of recycled materials and opening repair studios, Uniqlo aims to reduce greenhouse gas emissions by 90 per cent by the year 2030. Tadashi Yanai, CEO, highlights the brand's focus on innovation, such as partnerships with Toray, a Japanese materials manufacturer.

Uniqlo's success lies in its focus on functional, affordable basics rather than chasing fast fashion trends. Known for wardrobe essentials, the brand recently gained fashion credibility, with items like its $20 cross-body shoulder bag becoming a cult favorite, dubbed the 'millennial Birkin.'

The brand has carved a niche amongst consumers by offering timeless, quality clothing at accessible prices. Kate Yuille, a Gen Z fashion content creator, says, Uniqlo offers good quality for the cost. Embracing Uniqlo's understated designs, luxury consumers are also seen often pairing them with high-end pieces, a trend that reflects the current mix-and-match ethos in fashion.

Aligning with the growing 'slow fashion' movement, Uniqlo emphasiseson longevity and functionality over fast fashion's constant style refreshes. Martin Roll, Global Business Strategist, notes, consumers view Uniqlo as a more environmentally conscious choice, though the brand has faced criticism for producing large quantities of clothing and allegations regarding its supply chains.

Unlike fast-fashion rivals like Zara, Uniqlo releases collections seasonally rather than flooding the market with constant new designs. Its uncluttered stores, simple aesthetic, and product innovations like Heat Tech thermal wear contribute to its appeal, reinforcing its reputation for quality and reliability in both Japan and global markets.

Reporting record earnings for the third consecutive year, Uniqlo's parent company, Fast Retailing's reported a 19 per cent rise in international sales during the fiscal year ending Aug'24. The company's sales in Japan rose by 4.7 per cent during the month.

Source: fashionatingworld.com– Oct 21, 2024

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Italian Textile Machinery firms to showcase at Expotextil 2023 in Peru

Expotextil, Peru's key trade fair for the textile and clothing sector, will be held in Lima from November 7 to 10, 2023. A delegation of Italian textile machinery manufacturers, organized by the Italian Trade Agency and ACIMIT, will participate, with 14 companies, including 11 ACIMIT members like Color Service, Danti, Dettin, and Santoni, among others.

Peru's textile industry, a vital part of its economy, is a global leader in alpaca fiber production, accounting for over 80 per cent of global output. Cotton cultivation is also significant, particularly in northern Peru. In 2023, Peru's textile and clothing exports reached $1.87 billion, reflecting a 19.6 per cent growth.

Marco Salvade, ACIMIT president, highlighted the importance of technological renewal for the Peruvian textile sector, emphasizing that Italian machinery offers efficient and resource-saving solutions. Peru, the second-largest South American market for Italian textile machinery, imported around €18 million worth of Italian equipment in 2023. In the first half of 2024, Italian sales reached €8 million, reinforcing the longstanding partnership between the two countries.

The Italian presence at Expotextil aims to further strengthen these business ties, helping Peruvian firms enhance production quality and remain competitive globally.

Source: fashionatingworld.com– Oct 21, 2024

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Vietnam: Textile Industry Exhibition 2024: Many new brands will appear

The 2024 International Exhibition on Textile & Garment Industry – Equipment, Raw Materials & Fabrics (Vietnam Hanoi Textile & Garment Industry Expo 2024) will feature many new brands of the textile and garment industry with diverse functions and reasonable prices.

Vietnam Hanoi Textile & Garment Industry Expo 2024 takes place from October 23-25, 10 at ICE International Exhibition Center Ha Noi, 91 Tran Hung Dao, Hoan Kiem, Hanoi.

The event is part of the number 1 international exhibition series on the textile industry in Vietnam and is sponsored and coordinated by leading textile industry agencies; held annually in October in Hanoi.

The exhibition displays the latest trends and technologies in the production of textile materials and various fabrics, and focuses on prestigious domestic and international brands of textile equipment and machinery.

The exhibition welcomes nearly 10.000 trade visitors each year, providing opportunities for businesses to find partners, expand markets, update information, learn from experience as well as improve the competitiveness of businesses in the textile market of the Northern region.

The exhibition promises to be a vibrant trading venue, opening up many opportunities for domestic and foreign businesses to meet and cooperate.

The exhibition scale is up to more than 6.000m² - an increase of 10% compared to 2023, with more than 210 exhibitors from 10 countries and territories such as: India, Bangladesh, Taiwan (China), Korea, Hong Kong, Lithuania, Japan, Switzerland, China, Vietnam.

Here, exhibitors will display the most modern products and equipment of the textile industry as well as a variety of fabrics and raw materials that clearly meet each goal of modern and sustainable production trends. At the same time, within the framework of the exhibition, seminars will take place on the vision of the textile industry in 2045, green transformation, smart production management and sustainable labor.

Vietnam Hanoi Textile & Garment Industry Expo 2024 will feature many new brands in the textile and garment industry with diverse functions and reasonable prices.

Source: vietnam.vn– Oct 21, 2024

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Bangladeshi Government Dissolves BGMEA Board. Now What?

Bangladesh's Ministry of Commerce has ordered the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to dissolve its board of directors, citing the "flawed" reconstitution of the trade group's leadership following the resignation of its previous president and its "failure" to effectively address the sector's ongoing operational turmoil and worker unrest.

The decision, which was announced Sunday, is unprecedented, said Mohiuddin Rubel, an additional managing director at Denim Expert who was, until recently, one of the BGMEA's directors. Because of this, there is no clear roadmap beyond what the agency's circular defined: That Md. Anwar Hossain, vice chairman of the Export Promotion Bureau will be taking over as administrator and that he will be initiating a "free and fair" election within 120 days to complete the transfer of power.

But a few additional details coalesced on Monday. Hossain is expected to form an interim committee—perhaps as soon as tomorrow—comprising members from the BGMEA's main rival factions: Sammilito Parishad, which clinched all directorship positions, including that of the president, in March, and Forum, whose members have accused the latter group of vote rigging through the use of fake members.

"The administrator needs a team with the experience to handle such a large organization," Rubel said. "He cannot run it by himself only."The move, though surprising, wasn't wholly unexpected. Faisal Samad, a Savartex Group managing director who ran for president under the Forum banner, as well as a former BGMEA vice president, has been at the forefront of calls for the board's disassembly, not only because of what he described as unscrupulous ballot stuffing but also due to then-president SM Mannan Kochi's extended absence from Bangladesh following the overthrow of the ruling Awami League.

As uncertainty reigned and production delays stretched on, the BGMEA brass provided no meaningful direction that would assuage international buyers' concerns, he said. Worker protests over August and September alone have cost the sector $400 million due to interrupted operations, according to the BGMEA's estimate.

By the time Kumkum Sultana, the Export Promotion Bureau's director of textiles, called a hearing last month, circumstances were far from in the board's favor. Not only was Khandokar Rafiqul Islam's appointment as Mannan's successor in August considered irregular, Samad said, but the government had also lost confidence in the board's ability to navigate the organization through the tempest of multiple and consecutive crises.

Bangladesh, as a whole, is also trying to find homeostasis in the wake of former prime minister Sheikh Hasina's sudden resignation and departure nearly three months ago. With Nobel Peace Prize laureate Muhammad Yunus now helming a caretaker government, every industry has been clamoring for reform that would throw off the final shackles of an authoritarian regime that helped install loyalists in private-sector positions of influence.

"All these years, it's been politics mixed up with business," he said. "Businesspeople should lead business and politicians should do political work."Asked if he would run again, Samad said it would be a party decision. He said that any changes in the BGMEA's governance are only just beginning and what's important is that things are conducted in a "proper, compliant manner." Even so, Nazma Akter, who leads the worker rights groups the Awaj Foundation and the Sommilito Garments Sramik Federation, said she worried that the timing of the announcement would upset the delicate truce between manufacturers and workers.

Of the more than 2,000 factories that had been beset by calls for higher pay and better working conditions in the industrial hubs of Ashulia, Gazipur and Savar, resulting in closures from the eruption of vandalism and violence that at times ensued, all but two are open and running. She fears that the vacuum of power, which could delay satisfying worker demands such as a new minimum wage review and the resolution of criminal charges from last year's pay protests, could rile up further demonstrations, especially if conditions further deteriorate.

"At the end of the day, workers are suffering," she said. "The business community are the people who are creating this problem."Another industry insider, who asked for anonymity to be able to speak freely, said that it could take more than 120 days—more like 120 to 210—to make the necessary changes before elections can happen. But this person also said that no one wants to see any panic from suppliers, buyers or workers over this. Rather, it's an "opportunity to remake the BGMEA to reflect what the industry really needs" without political interference.

"As far as Bangladesh is concerned, we've been panicking people for the last three months, [but] without that reform, we are never going to get very far," the insider said. One of the issues the BGMEA has been avoiding is defining who gets to vote. "You don't necessarily have to be either a manufacturer or an exporter to be a voter," the person added. "This is the fundamental problem in our association, and it's the first task of this administrator to resolve that."

Also looming over the future of Bangladesh are the U.S. presidential elections. Whether Donald Trump or Kamala Harris comes out on top could determine how things further shake out.

"If the Democrats come in, we will be completely moving in a different direction, say, where human rights will have to be not just something we pander to the Europeans, but that we will actually have to do," the person said. "There are also certain trade issues and tariffs that are on the discretion of the president."

A new board will have its work cut out for it, Rubel said. Its first test would be to normalize relations with customers who have been spooked by the country's turbulence. But a consistent power supply also remains an omnipresent problem in Bangladesh, as does a volatile financial sector and rising manufacturing costs that have hampered its competitiveness in comparison to Cambodia or Vietnam. But perhaps the BGMEA's biggest challenge is getting the "right" price from buyers, who have increasingly squeezed margins over the years, making it near-untenable for suppliers to survive.

"The government and the board and the industry has to negotiate with the buyers and to give us the right price," Rubel said. "Giving us a lot of orders without our costs will not make us sustainable in the long run.

If you want Bangladesh to be the safest destination with compliant factories and for Bangladesh workers to get wages as per the living standard, then you must comply with the best price according to what you are taking. If you're not giving the justified price to suppliers, how will they fulfill those demands?"

Source: sourcingjournal.com– Oct 21, 2024

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Bangladesh's Chattogram Port Disrupted by Truck Driver Strike

A trucker strike has stalled cargo entering and exiting Bangladesh's biggest port since Monday morning.

The workers, who are part of the Chattogram District Prime Mover Trailer, Concrete Mixer, Flatbed, Dump Truck Workers Union called the 48-hour strike at Chattogram Port at 6 a.m. local time, and it will continue through 6 a.m. Wednesday.

Due to the strike, there has been no movement of cargo between the port and its 21 local inland container depots, which are typically used to alleviate congestion at Chattogram by adding more area for container handling.

"Due to our strike, the transport of imported goods from the port to various routes of the country has been stopped. No cars are coming up with export products either," the union's secretary Abul Khayer told The Business Standard. "A meeting with senior officials of various organizations is underway. We will decide on the continuation of the protest or its withdrawal later on."

Although no cargo is being released from the port because of the trucker strike, container loading and unloading on ships docked at the port is continuing as normal.

The union started the work stoppage after demanding that the Prime Mover Owners Association issued the drivers appointment letters and identity cards. Appointment letters would provide newly hired drivers with more concrete knowledge of the position, including tasks, hours, expectations and compensation.

The union's president, Selim Khan, said that despite repeated requests, the association has failed to address the issues.

Khan claims that the workers union and members of the Prime Mover Owners Association signed a deal to implement these demands within 45 days back in April, but no action has been taken since. The union head said that while many trucking company owners have distributed appointment letters and identity cards in the time since, member companies of the owners' association have not.

Additional demands from the union include fixed work hours and a minimum wage.

Abu Bakar Siddique, executive president of the Prime Mover Owners Association, which represents the trucking firms, told Bangladeshi publication The Daily Star that the demand for appointment letters was illogical since workers operate on a "no work, no pay" basis. He added that the owners' association is meeting to address the situation and resume operations.

Of the roughly 10,000 trucking companies involved in cargo transport across the country, 4,000 are responsible for moving containers to and from Chattogram Port, according to the report.

Ruhul Amin Sikder Biplob, secretary general of the Bangladesh Inland Container Depot Association (BICDA), told The Business Standard that roughly 2,000 20-foot equivalent units (TEUs) of export containers are taken from the inland depots to the port every day.

"Similarly, about 800 TEUs of import containers are brought to the depots," Biplob said.

Chattogram Port, also known as Chittagong Port, has been a recurring source of congestion in recent months. Over the summer, deadly nationwide protests took Bangladesh by storm, ultimately toppling the country's prior government and forcing factories and the port to shut down for several days.

The shutdown resulted in weeklong container vessel berthing delays for ships looking to dock at Chattogram. Upon reopening, cargo buildups made it more difficult to load and unload the vessels on time. Additionally, the national protests halted the movement of rail cargo to and from the port at certain points.

The delays and shutdowns in late July led to a flood of product exiting the country the next month. Export container handling in August increased 23.4 percent month over month to 78,146 TEUs, up from 59,854 TEUs in July, according to the Chattogram Port Authority (CPA).

Heavy flooding to close out August caused a vehicle shortage, again slowing the movement of import and export freight as trucks faced obstructions and delays on highways throughout Bangladesh. The flooding impacted 3 million people in the country.

Most recently, a software malfunction disrupted the flow of containers at the port for a week, namely because it prevented customs officials and clearing and forwarding agents from accessing the system properly and submitting import and export data. With the automated software, the port's customs house could track and manage the flow of goods while reducing paperwork and manual intervention, and more quickly approve cargo clearance.

In response, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) urged customs authorities to enable manual customs clearance of ready-made garments.

Source: sourcingjournal.com– Oct 21, 2024

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Pakistan: 'Cash and Code' driving recovery

As expected, the current account is nearly balanced in the first quarter of the fiscal year. The story is straightforward—both imports and exports are rising, although imports are increasing at a faster pace—indicating a modest economic recovery. However, the economy, constrained by the balance of payments, can only sustain this limited momentum due to robust growth in remittances. That said, inward remittances may have reached their short-term peak, potentially limiting further economic growth.

The current account posted a surplus of $119 million in September 2024, while 1QFY25 recorded a marginal deficit of $98 million, down 92 percent from the $1.2 billion deficit in the same period last year. The trade deficit in goods worsened by 26 percent, reaching $7.4 billion in 1QFY25.

Goods imports rose by 16 percent to $14.2 billion between July and September 2024, with imports totaling $4.7 billion in September—showing almost no change on a monthly basis.

According to detailed PBS data, excluding the food group, nearly all other subgroups recorded double-digit growth in imports during the first quarter. The largest increase occurred in the machinery group, which rose by 22 percent to $2.0 billion. Within this category, mobile phone imports declined by 20 percent, implying that demand for real machinery imports is increasing.

Transport group imports increased by 20 percent to $487 million, reflecting a slight uptick in auto demand due to falling interest rates, as car loans posted positive monthly growth for the first time in many months. Another notable increase was in petroleum imports, up 16 percent in 1QFY25 to $4.0 billion—mainly driven by high crude oil imports, while imports of petroleum products remained controlled due to smuggling from Iran.

Exports of goods rose by 15 percent in July-September 2024 to $7.9 billion, based on PBS data. In contrast to imports, the food group was the best performer, up 26 percent to $1.6 billion. Rice exports, in particular, surged by 77 percent to $721 million, with volumes up 66 percent. However, this rice boom is expected to end soon.

Textile exports also performed well, increasing by 10 percent to $4.5 billion. Growth was driven by value-added sub-sectors such as knitwear, which rose by 14 percent to $1.3 billion; bedwear, up 13 percent to $795 million; and readymade garments, which jumped by 23 percent to $997 million. In contrast, cotton yarn exports declined by 48 percent.

Service exports marginally increased by 6 percent to $1.9 billion in 1QFY25, with technology exports being the standout performer, rising 34 percent to $876 million. The monthly total in September stood at $292 million, maintaining a near $300 million monthly run rate.

On the other hand, service imports declined by 3 percent to $2.6 billion in 1QFY25, improving the trade deficit in services by 22 percent to $699 million. However, the overall deficit in goods and services trade worsened by 19 percent to $7.4 billion. Including the primary account, the total trade and primary account deficit grew by 19 percent, or $1.5 billion, to $9.4 billion.

Thanks to the remarkable growth in remittances, which increased by 39 percent, or $2.5 billion, to $8.8 billion in 1QFY25, the current account is nearly balanced. Remittances in September amounted to $2.9 billion, maintaining a monthly run rate of around $3 billion.

Thus, the growth in remittances and technology exports are the highlights, allowing the country to sustain modest growth. The country must continue to enhance these two sectors, as growth in goods exports is likely to remain a challenge due to competitiveness issues. These areas will be essential in supporting whatever growth the country can achieve.

Source: brecorder.com– Oct 22, 2024

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Pakistan: Weekly Cotton Review: Import on the rise as local production sees a big fall

Cotton production has decreased by 29 lac bales (48.26%) which is an alarming level. Total production is expected to be around 60 lac bales.

Approximately 55 lac bales will need to be imported. Import agreements for around 30 lac bales have already been made. Several major textile groups are importing cotton yarn due to shortages. Meanwhile, textile exports have seen an 18% increase. However, the textile sector remains concerned at the local level."

Currently, Pakistan's cotton market is experiencing a downward trend, while yarn prices remain stable and business volumes are improving. Efforts are under way to restore cotton production, particularly in Rahim Yar Khan, where discussions focus on increasing production and addressing challenges faced by farmers.

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) is actively engaged in promoting Pakistan's textile sector.

Last week, Pakistan's cotton market mirrored global trends, experiencing a price drop due to declining international cotton prices. As global cotton markets saw a downturn, local cotton prices also declined by Rs 300 to Rs 400 rupees per maund. Phutti prices similarly saw a relative decline. Despite this, business volumes remained robust, indicating a resilient textile sector.

Pakistan's textile sector is receiving export orders, but struggling to capitalise due to various challenges. If the government addresses its issues, export growth prospects appear promising, particularly as Pakistan benefits from India's declining textile trade with Bangladesh and the latter's unfavourable business environment.

The decline in India's textile trade with Bangladesh and the current unfavourable business environment in Bangladesh have resulted in Pakistan's textile exporters receiving more export orders. However, the industry still requires immediate government assistance to capitalise on these opportunities, as rising energy tariffs continue to drive up production costs.

Pakistan's textile exporters face severe capital shortages due to delayed refund payments and rising interest rates. To alleviate this, reducing interest rates is crucial. Currently, billions of rupees are stuck in sales tax refunds for extended periods, while duty drawback refunds also experience delayed payments.

Pakistan faces an alarming decline in cotton production, exacerbating concerns for the textile industry. If measures aren't taken to boost cotton production, yields will continue to dwindle in coming years. Urgent government action is vital.

This year, cotton farmers, traders, ginners and textile sectors face numerous challenges, with farmers being severely impacted. Disheartened, they may opt for alternative crops over cotton, further threatening production.

The rate of cotton in Sindh Province after dropping down by Rs 300 to Rs 400 per maund is in between Rs 17,200-17,600 per maund. The rate of Phutti is in between Rs 7,800-8,400 per 40 kg. The rate of cotton in Punjab is in between Rs 17,800-18,000 per maund. The rate of Phutti is in between Rs 7,800-8,500 per 40 kg. The rate of cotton in Balochistan province is in between Rs 17,200-17,500 per maund. The rate of Phutti is in between Rs 7,800-9,000 per 40 kg.

However, a bearish trend prevails in the prices of Banola, Khal and oil. The Spot Rate Committee of the Karachi Cotton Association decreased the spot rate by Rs 400 per maund and closed it at Rs 17,600 per maund.

Karachi Cotton Brokers Forum Chairman Naseem Usman reported that international cotton prices remained bearish. New York cotton futures traded between 70 to 72 US cents per pound.

According to the USDA's weekly export and sales report for 2024-25, one lac and fifth nine thousand and eight hundred bales were sold.

Vietnam topped the list by purchasing forty seven thousand and seven hundred bales. Pakistan secured second place with forty five thousand and six hundred bales. Turkey ranked third, by buying seven teen thousand and three hundred bales.

Meanwhile, the latest data from the Pakistan Cotton Ginners Association (PCGA) highlights a grim scenario, revealing a deepening crisis in Pakistan's cotton industry. As of October 15, 2024, the PCGA reports a total cotton arrival of 3,101,743 bales, a stark contrast to the 5,996,086 bales recorded on the same date in 2023—reflecting a sharp 48.26% decline in production compared to last year.

In Punjab, 1,185,647 bales have been produced so far this year, compared to 2,543,100 bales by this time last year, representing a 53.38% drop. Similarly, Sindh's production has fallen from 3,452,986 bales in 2023 to 1,916,096 bales in 2024, marking a 44.52% decrease. In Balochistan, 94,850 bales have been reported this year.

These figures paint a dire picture of the continued decline in cotton production, which poses significant threats to Pakistan's economy and agricultural sector. Against this backdrop, Dr Jassu Mal Leemani, Chairman of the PCGA, has undertaken urgent initiatives aimed at reviving and promoting cotton production for the upcoming 2025 season. He has already begun engaging with stakeholders to devise comprehensive strategies. However, the pressing question remains: Can Pakistan's cotton industry reclaim its former glory under the current challenges?

Today, cotton farming is significantly less profitable than competing crops such as sugarcane, maize, rice, and sesame. Farmers are neither provided with a support price nor are they offered subsidies on agricultural inputs, and the absence of an organised market system further exacerbates their challenges. Exploitation by middlemen and commission agents continues to impose financial burdens on growers.

Adding to these economic challenges, the cotton crop is severely impacted by climate change, extreme heat, heat waves, torrential rains, and pests such as whitefly, pink bollworm, and cotton leaf curl virus. Neither the federal government nor the private sector has allocated adequate research funding to combat these issues. As a result, cotton production and the area under cultivation have been steadily shrinking.

While Dr Jassu Mal Leemani's proactive efforts are commendable, the road ahead remains fraught with obstacles. It remains to be seen how effectively these challenges can be overcome.

Dr. Jassu Mal Leemani, Chairman of the Pakistan Cotton Ginners Association (PCGA), along with his delegation, met with Naseem Usman, Chairman of the Karachi Cotton Brokers Forum, and other cotton brokers. During the meeting, Dr. Leemani emphasised the need for all stakeholders to unite in boosting cotton production, as the country's economy heavily relies on the revival and growth of the cotton sector.

He stressed that increasing cotton production is a national responsibility and achieving success in this endeavour will guarantee Pakistan's economic stability and prosperity. The meeting highlighted the significance of collective efforts in enhancing cotton yields, which is crucial for the nation's economic well-being.

However, Rashid Mahmoud Langrial, Chairman of the Federal Board of Revenue (FBR), visited the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) head office in Karachi on October 16, 2024. He met with Dr Jasso Mal Leemani, and Sham Lal Manglani Chairman of the Task Force on Agriculture, Pakistan.

During the meeting, Dr Leemani highlighted the struggles of the ginning industry, emphasizing that excessive taxes have severely impacted the sector. He urged Chairman Langrial to prioritize resolving the industry's tax issues, allowing it to recover and grow. Chairman Langrial assured Dr Leemani that the FBR would make every effort to address the ginning industry's problems.

A representative meeting of Rahim Yar Khan's cotton ginners was held to discuss key issues which includes cotton crop size and market trends and impact of new taxes on the cotton and oil industry. Attendees, including Imad Fayyaz, Malik Abdul Karim, Qaiser Sajid Munir and Muhammad Waseem, shared their insights.

The consensus was that the crop size is not alarmingly low, but market rumours exaggerate the issue.

In the meeting it was also agreed that the ginning costs are Rs 1,000; accepting lower costs would incur losses. Taxation matters were extensively discussed, with agreements on several points.

In the meeting concerns were also raised about the 18% sales tax exemption on cotton imports. Current state of affairs of the textile industry was also reviewed.

However, Muhammad Bashir Ali Muhammad, owner of Gul Ahmed Textile, has been elected Chairman of the International Cotton Advisory Committee (ICAC). He is the first Pakistani to hold this prestigious position. This achievement brings immense pride and honour to Pakistan. ICAC promotes sustainable cotton production, trade and consumption globally. Muhammad Bashir's leadership will significantly contribute to Pakistan's textile industry growth and international reputation.

Source: brecorder.com– Oct 21, 2024

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RoDTEP: Govt asks exporters for precise data to support demand for higher input duty refunds

The government has reached out to exporters unhappy with the lowering of input duty refund rates under the popular Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and has asked for requests for revision backed by precise data and supporting documentation, sources have said.

“The Finance Ministry and the Directorate General of Foreign Trade have asked exporters in sectors such as chemicals, plastics, textiles and engineering goods, that have been hit most by the recent revision in rates, to point out in their submissions if there are any anomalies in the rates and give supporting data. The submissions will be taken up by the RoDTEP committee after Diwali,” a source tracking the matter told businessline.

The RoDTEP scheme, announced in January 2021, refunds embedded duties and taxes, such as VAT on fuel used in transportation, mandi tax and duty on electricity used during manufacturing of the exported items, that are not rebated under other schemes.

It replaced the WTO-incompatible MEIS scheme which was questioned by several countries, including the US, for lacking transparency.

Last month, the scheme was extended for exports from units in domestic tariff area (area that does not fall in SEZs) by one year till September 2025. But the new rates of refund of taxes were in the lower range of 0.3 per cent to 3.9 per cent compared to the range of 0.5 per cent to 4.3 per cent earlier.

“We are of the view that if it is zero rated scheme, it should not be subjected to budget limitation. Since the scheme refunds duties and taxes, that means duty has already been paid by the exporter. Whatever has been paid should be remitted,” a Delhi-based exporter said.

However, higher claims for rebates have to be backed by relevant data and documents, pointed out Ajay Sahai, Director General, FIEO.

Case of rates

"Exporters cannot ask for higher rates citing the adverse global climate. Demand has to be supported by hard data," Sahai said.

A number of export promotion councils have asked their members for inputs to build a strong case for higher rates of refund so that it could be put together and submitted to the government.

"The RoDTEP committee can take a look at the fresh data furnished by the industry to examine if there is a scope for revising the rates," the source said.

In FY23, the scheme supported $450 billion worth of exports at the cost of ₹13,020 crore. In 2021-22, an outlay of ₹12,100 crore was spent on exports worth $421 billion.

Source: thehindubusinessline.com – Oct 21, 2024

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Ministry may soon tap Cabinet for green flag on FTA SOPs as new guidelines nearly ready

New Delhi: The commerce and industry ministry will soon seek Cabinet nod for the standard operating procedure (SOP) for negotiating its free trade agreements (FTA) and address new issues — labour, environment, digital services, gender and indigenous people and has temporarily paused some new trade pacts.

Officials said a review of India's trade pact with the UAE in two years after it came into force and a rise in sustainability measures being imposed by the US and the EU, have led the government to develop a new FTA strategy.

These guidelines will be based on reciprocity and stronger rules of origin to prevent Chinese products entering India by misusing any of the trade pacts. "The SOPs are almost ready and we will go to Cabinet for its approval," said an official. The SOPs assume significance as India is negotiating trade pacts with the UK, the EU, Peru, Oman, Chile and a comprehensive trade deal with Australia. It is also in talks with the Eurasian Economic Union for a trade agreement. New Delhi is cautious of any misuse of rules of origin norms leading to circumvention and imports entering the country, similar to the UAE (United Arab Emirates). India has seen a sharp increase in UAE's exports of silver, platinum alloy and dry dates.

"Many products originate in China but come through other countries. So, stricter rules of origin and melt-and-pour norms are crucial apart from value addition," said the official. Besides detailing the ways to negotiate market access issues and tackle non-tariff barriers, the SOPs will set out a strategy for new issues such as sustainability in trade deals and the market access that needs to be given to the potential FTA partners, especially smaller countries.

"In some of our FTAs, we have given more access. Reciprocity is important and the strategy is to see how much we open up because we're a huge market," the official said, adding that detailed study needs to be carried out on the proposed FTAs without rushing into them and their possible long-term impact on India.

The country has inked trade pacts with Mauritius, the UAE, Australia and European Free Trade Association since 2021. India's goods exports in April September FY25 were $213.22 billion, up 1% on-year.

The SOPs will also look at technical issues such as capacity building, utilisation of the various FTAs, leveraging the trade pacts to address new forms of measures such as supply chain disruptions, on-the-spot drafting requiring mechanisms to draft agreements in real-time during negotiations to ensure clarity and immediate consensus, and how the negotiators can ensure that commitments undertaken are pre-approved.

Source: business-standard.com– Oct 21, 2024

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Longer payment schedules adding to liquidity woes of exporters

Apart from higher costs and other difficulties, the disruption caused by the two war zones in the world has added to the liquidity woes of India's exporters as they deal with longer payment schedules and the impact of the situation on export credit which is falling consistently since 2022.

At the end of March 2022 quarter the outstanding export credit was at Rs 2.27 lakh crore and by the end of March this year it was down to Rs 2.17 lakh crore. Some part of the export credit that is given to agriculture and micro, small and medium enterprises comes under Priority Sector Lending (PSL).

The export credit under PSL was down to Rs 11530 crore in August-end from Rs 21599 crore in August of 2022. While exports grew 15% between 2021-22 and 2023-24, the export credit has fallen by 5%.

On top of falling credit, the Red Sea disruptions have added to the liquidity pressures on exporters as payments are taking more time. "Their (exporters') goods are taking more time for delivery and because of the slowdown in the major markets, offtake is slow.

All this has increased the time period of payment from less than 90 days to 120-150 days," director general and chief executive officer of Federation of Indian Export Organisations (FIEO) Ajay Sahai said.

The exporters now require more credit for a longer period and costs for them have increased, he said. Despite the Export Credit Guarantee Corporation (ECGC) increasing the coverage of default in payment against exports to 90%, many of the banks have not reduced the collateral requirements which is also reducing the credit off-take by the sector.

Some of the exporters have turned to the domestic market in view of the disruptions. In sectors like ceramics where the weight of the product and thus cost of transportation is more, the products are finding their way into the local markets, he said. Freight rates have increased by 25-30% since the outbreak of Red Sea crisis but are expected to cool down in coming months as demand from China is going to ease, according to Sahai.

Lack of clarity over the future of Interest Equalisation Scheme (IES) and imposition of a cap of Rs 50 lakh per company has hit the MSMEs. The IES ended on June 30 and has seen many extensions and is now valid till December 31 but only for MSME manufacturing companies who export while other exporters were left out. The benefit under the scheme is in the form of a 3% interest subsidy.

“When the profit margin was coming down, the 3% interest subsidy was making a lot of difference,” Sahai said.

Source: financialexpress.com– Oct 22, 2024

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Welcome rethink on FTAs

Recent media reports suggest that the Department of Commerce has decided to go slow on many FTA negotiations and is in the process of revising its FTA strategy. This opportunity must be utilised to take a hard look at issues of concern in FTAs, particularly government procurement.

What is the common thread running through the following two recent events: government celebrating 10 years of Make In India; and the ninth round of India-EU negotiations for a free trade agreement in the last week of September?

An important policy instrument — government procurement — links these seemingly unconnected events. Is it possible that the government developed second thoughts on its FTA strategy in view of the role of government procurement in domestic policy?

With the WTO rules having considerably restricted the elbow room of governments to bend in favour of their domestic producers and service suppliers, government procurement remains an important exception. Governments in most countries are allowed to favour their domestic producers and service suppliers in the procurement of goods and services by them for their own use and not for commercial purposes.

Govt procurement

What do FTA negotiations have to do with government procurement? In most of the recent FTAs of the developed countries, each party has agreed to treat suppliers from the other party at par with its domestic suppliers in government purchases. Effectively, this curtails the flexibility available to governments to use government procurement as a policy instrument for boosting the commercial prospects of their domestic suppliers.

How has the Centre used government procurement to boost the domestic economy? Rule 153 of the General Financial Rules allows the Central Government to provide for mandatory procurement of any goods or services from any category of bidders, or provide for preference to bidders on the grounds of promotion of locally manufactured goods or locally provided services.

Further, the Public Procurement Policy for Micro and Small Enterprises (MSE) mandates 25 per cent annual procurement from MSEs by Central Ministries/Departments/Central Public Sector Enterprises (CPE).

The effectiveness of this policy can be assessed from the fact that the total procurement by Central Ministries/Departments/CPSEs from MSEs during the financial year 2023-24 was ₹82,630.38 crore.

Another initiative, the Public Procurement (Preference to Make in India) Order, 2017, (PPO 2017) aims to create an assured domestic market for manufacturers, who are genuinely 'Make in India', thereby encouraging utilisation of Indian material resources for the provision of goods required for public procurements.

How has government procurement figured in India's FTAs? While some of its initial FTAs have provisions on information exchange in respect of government procurement, the Comprehensive Economic Partnership Agreement with Japan requires a party to enter into negotiations with the other party if the former provides non-discriminatory market access in government procurement to a third country.

In the FTA between India and the UAE, both parties have agreed to provide non-discriminatory treatment to goods, services and services suppliers of the other party in government procurement contracts. However, India has excluded procurements conducted under PPO 2017 from the non-discriminatory market access.

It is reasonable to assume that in their FTA negotiations with India, the UK and the EU would be seeking to expand market access for their entities in India's government procurement beyond what India has provided to the UAE.

Time to pause

In particular, demands could be made on India not to exclude procurements under PPO 2017 from the non-discriminatory market access. If India is unable to resist this pressure, it would considerably undermine the ability of the government to use public procurement as an instrument for promoting Make In India. The recently announced pause provides scope for a rethink.

Government procurement measures have been used by other countries to bolster domestic production, protect vulnerable groups and also support environment and labour concerns.

Many developed countries have made effective use of this policy instrument. To illustrate, the American Recovery and Reinvestment Act of 2009, implemented in the wake of the global financial crisis, sought to save existing jobs and create new ones. It imposed a general requirement that any public building or public works project funded by the new stimulus package must use only iron, steel and other manufactured goods produced in the US.

Further, many studies have highlighted how the US has used the instrument of government procurement to provide an assured market to its business entities who create products based on frontier technologies. This has enabled local entrepreneurs to scale up their production and become commercially viable.

Will India not gain from having non-discriminatory access to government procurement markets in the EU and the UK? No doubt the value of government procurement in these markets that may be subject to non-discriminatory treatment are impressive — €473 billion in the EU in 2022 and £110 billion in the UK in 2021.

However, it is a harsh reality that a miniscule value of the procurement is awarded to suppliers from outside the EU. Some studies have concluded that in many years less than 0.5 per cent of the EU's procurement was awarded to non-EU sources. India's negotiators must not imagine that a big commercial opportunity awaits India's exporters in the public procurement markets in the EU and the UK.

In conclusion, India needs to tread extremely cautiously while negotiating rules on government procurement in its FTAs. And, that holds true for FTA provisions in general.

Source: thehindubusinessline.com– Oct 21, 2024

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India's overall growth outlook remains strong despite temporary dip in momentum: RBI Bulletin

High-frequency indicators have pointed to a slowdown in the second quarter of 2024-25, with the Indian economy experiencing a temporary dip in momentum, according to the State of the Economy article published in the latest Reserve Bank of India bulletin. This deceleration is partly attributed to idiosyncratic factors, such as unusually heavy rains in August and September. Despite these short-term challenges, India's overall growth outlook remains strong, driven by robust domestic factors and a promising revival in demand, especially with the upcoming festive season.

"Despite ongoing geopolitical tensions, India's growth outlook remains strong, fueled by robust domestic factors. However, some high-frequency indicators showed a slowdown in the second quarter of 2024-25, partly due to unusual factors like heavy rainfall in August and September," the bulletin said.

Biz optimism

Private investment is showing encouraging signs, as lead indicators reflect growing business optimism. Consumption spending is also expected to pick up pace as festival demand increases, with rural demand benefiting from an improved agricultural outlook. Despite inflation surging in September due to a statistical base effect and rising food prices, aggregate demand is projected to recover, further fuelled by rising consumer confidence, the bulletin said.

Global landscape

The global economic landscape, however, remains uncertain, with geopolitical tensions in West Asia and rising commodity prices, especially crude oil and metals, posing risks for net importers like India. The course of global monetary policy will need to account for both inflationary pressures and growth risks stemming from these developments.

Domestically, private investment is set to rise in response to increased consumption demand, and the financial sector, backed by healthy balance sheets, is ready to support productive investments. The government's continued emphasis on capital expenditure also adds strength to the investment outlook.

In terms of supply, the above-normal rainfall during the monsoon season has brightened the prospects for the kharif crop, although there remains a risk of excessive rainfall damaging standing crops. The strong monsoon also bodes well for reservoir storage and the rabi season outlook.

Indian equity markets have seen new peaks this year, bolstered by strong macroeconomic fundamentals. However, concerns over stretched valuations and geopolitical uncertainty have led to some market pullback. Nevertheless, the primary market issuance pipeline remains robust, and the external sector is supported by high foreign exchange reserves.

Digital payments are expected to see a significant boost with the festive season, particularly in smaller towns and cities, highlighting the potential for widespread digital adoption across India. Despite current challenges, India's growth prospects remain solid, with the domestic economy poised to recover as demand strengthens heading into the festive season. "The primary market pipeline remains robust, and India's external sector is backed by strong macroeconomic fundamentals and high foreign exchange reserves," the article said.

Source: thehindubusinessline.com– Oct 21, 2024

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Expect Indian apparel exporters to post 9-11% revenue growth in FY25: ICRA

Indian apparel exporters are expected to register a 9-11 per cent revenue expansion in FY25 aided primarily by gradual liquidation of retail inventory in key end markets and a shift in global sourcing to India, ratings agency ICRA on Monday.

The long-term prospects for Indian apparel exports are favourable, aided by enhanced product acceptance in end markets, evolving consumer trends and a boost from the government in the form of the production-linked incentive (PLI) scheme, export incentives, the proposed free trade agreement with the UK and the EU, among others, ICRA said in a statement.

The expected growth this fiscal follows a tepid performance in FY24 when exports were affected because of high retail inventory, sluggish demand from the key end markets, supply chain issues, including the Red Sea crisis and heightened competition from neighbouring countries, it added.

With the revival in demand, ICRA said it expects the capex spending to increase in FY2025 and FY2026 and may stay in the range of 5-8 per cent of the turnover.

"After a marginal decline (down 2 per cent) in FY24, Indian apparel exporters are estimated to report a 9-11 per cent revenue growth in FY25, benefitting from de-risking strategy adopted by various customers and replenishment of retail inventory in key end markets, especially the US and the EU regions," ICRA Senior Vice President & Co-Group Head Corporate Ratings Srikumar Krishnamurthy said.

Nevertheless, he said challenges around demand uncertainty persist in a few key markets amid a subdued macroeconomic environment and geopolitical issues.

"Despite the revenue growth, associated operating leverage benefits and softer raw material prices, the industry's operating margins are expected to contract by 30-50 bps on a YoY basis in FY25 with increasing labour costs, freight costs and rise in other operating expenses," Krishnamurthy added.

ICRA said the recent geo-political tensions in Bangladesh could result in capacity additions outside the country, including India.

Yet, availability of labour at competitive costs and preferential duty access, given its least developed country status for another two years on exports to the US and the EU help Bangladesh to remain competitive against most other developing countries, it added.

"Apart from the benefits to be derived from the fresh capacity additions under the PLI scheme, PM Mega Integrated Textile Region and Apparel scheme is expected to strengthen India's presence in the global apparel trade by providing scale benefits and strengthening the country's presence in the man-made fibre value chain," Srikumar said.

ICRA anticipates the culmination of these schemes to enable Indian apparel exporters to increase their share of the pie in the global apparel trade, he added.

Source: business-standard.com– Oct 21, 2024

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US buyers turn to India for apparel as Bangladesh faces growing concerns

As concerns rise over the garment sector in Bangladesh, a recent report by the United States International Trade Commission (USITC) has highlighted India's growing credibility as a preferred apparel sourcing destination. The report cites India's political stability as a crucial factor for US-buyers, making the country a reliable choice for apparel production and delivery.

"Brands are more willing to source high-value or fashion items from India compared to less politically stable countries, as they are confident they will be able to produce and receive their products," noted the USITC report. Industry insiders in India are optimistic, anticipating a surge in orders, though the domestic market still accounts for about 80 per cent of production.

While the report praises India's competitiveness, particularly in cotton-based garments, it also outlines key challenges for the industry. High labour costs, small production units, and costly logistics hinder scalability. Additionally, the limited capacity for manufacturing man-made fibre (MMF) garments restricts India's growth potential, with some brands perceiving the country as overly specialised in cotton products.

The USITC report also compares India with other leading garment exporters, including Bangladesh, Pakistan, Indonesia, and Cambodia, noting that these countries, along with Vietnam, have gained market share from China over the past decade. China's share in US apparel imports has dropped significantly, from 37.7 per cent in 2013 to 21.3 per cent in 2023.

During the same period, India's share grew from 4 per cent to 5.8 per cent, with exports to the US reaching $4.6 billion last year. The US remains India's largest market for apparel exports, though Vietnam has emerged as the biggest winner, raising its share from 10 per cent to 17.8 per cent.

One of India's key advantages, according to the report, lies in its vertical integration, particularly in the cotton garment sector. The availability of most inputs domestically enhances the country's appeal as a reliable supplier with a comprehensive value chain.

Mithileshwar Thakur, Secretary General of the Apparel Export Promotion Council, welcomed the report's recognition of India's strengths beyond cost efficiency. "The Indian textile and apparel industry has long been a victim of negative perception. The USITC study has busted this myth by projecting the Indian apparel industry as one specialising in high value-added products, requiring high-skill levels and with the highest degree of reliability," Thakur told The Times of India.

He also praised the report for evaluating factors such as supply chain reliability and product differentiation, instead of focusing solely on cost.

Source: business-standard.com– Oct 21, 2024

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Spinning mills in Gujarat, N. India seek quality cotton from Raichur region

Spinning mills in Gujarat and North India have started buying of cotton from regions around Raichur in Karnataka and Adoni in Andhra Pradesh, where the quality appears to be good. This is even as the ongoing spell of rains across several States has raised concerns over crop and quality among the stakeholders.

“Currently, arrivals are good in Raichur and surrounding areas. The quality is also good. Most of the Gujarat mills and also from North mills are buying from areas surrounding Raichur and Adoni,” said Ramanuj Das Boob, a sourcing agent in Raichur.

Das Boob said the early sown crop has hit the markets now and since the past month, arrivals around Raichur have been good, “which we had never seen in the earlier years”. While there have been rains recently, there’s not much of an impact, except for some delay, he said. Raw cotton prices are ranging from ₹7,000-7,500 per quintal in the region, he said.

Rains cause concern

While the crop has been delayed this year by close to a month in the key producing regions of Gujarat, Maharashtra and Telangana, there has not been much delay in North Karnataka.

“Good arrivals will start from November 10 onwards in these States. Now mostly low RD (degree of reflectance) kapas (unprocessed cotton) is coming in all other States. Except Raichur, there are no quality arrivals in India all over, which is attracting the buyers interest from other States,” Das Boob said.

The colour of cotton is expressed by the RD value. The higher the RD value, the whiter is the cotton.

Meanwhile, the continuous rains across key cotton belts are raising concerns about quality and crop size. “The excess rainfall has significantly altered the condition of the crop and it seems that the production may decrease by at least 10 lakh bales due to the weather,” said Anand Popat, a broker in Gujarat, in his weekly Cotyarn newsletter.

High moisture

“The arrival of seed cotton is increasing slowly due to the rainfall, and the quality of the cotton is declining. In most areas, the RD value has decreased. The high moisture content is making it difficult to spin the cotton. It appears that the quality may improve after about a month,” Popat said.

“Ginners in North and Central India are facing difficulties operating their factories due to the rainfall, while this issue is less severe in South India. The high moisture content is preventing ginners from achieving proper RD values after ginning. It is challenging for ginners to keep their factories running and make a profit in the current situation,” Popat said.

Source: thehindubusinessline.com– Oct 21, 2024

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