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INTERNATIONAL NEWS

INTERNATIONAL NEWS

Europe's textile recycling industry teeters on the brink of collapse

Europe's once-thriving textile sorting and recycling sector is facing an unprecedented crisis, surpassing even the challenges faced during the COVID-19 pandemic. Numerous global disruptions , including the war in Ukraine, logistical hurdles in Africa, and the relentless rise of fast fashion, has plunged the industry into a turmoil, leaving the industry struggling for survival and threatening to unravel years of progress towards a circular textile economy.

Issues of oversupply and falling prices

The crisis is characterized by a glut of used textiles and a sharp decline in demand from traditional export markets. Data reveals a shrinking trade in used textiles between the EU and non-EU countries, decreasing from 464,993 tons in 2022 to 430,185 tons in 2023. This decline is highlighted by Germany's exports of used textiles to Ghana, a key export market, which fell from 7911.2 tons in 2020 to 4532.9 tons in 2023.

Compounding the problem is the low demand for recycled materials. Global production of recycled cotton in 2023 was estimated at 319,000 tons, compared to 24.4 million tons of virgin cotton produced. This disparity highlights the uphill battle faced by the recycling industry. Oversupply has led to a drop in prices for second-hand textiles, while collection, sorting, and recycling costs have grown. Since spring 2024, the prices for sorted second-hand garments have fallen below processing costs, creating severe cash flow problems for sorting operators. Warehouses are overflowing, raising the specter of textile waste incineration.

The Netherlands for example, a leader in textile recycling, is feeling the impact acutely. Sorting companies are operating at a loss, with warehouses overflowing and the threat of incineration looming over unsold textiles.

The Dutch government is considering emergency measures, including financial support and a potential tax on virgin textile materials, to avert a complete collapse of the sector.

A domino effect

The crisis is rippling through the entire textile recycling chain. Municipalities face growing processing costs, potentially leading to higher waste disposal fees for residents. Downstream players, such as tearing and spinning mills, are also struggling, resulting in significant job losses. Take German textile recycling company Soex for example, has reported a 30 per cent drop in revenues in 2024 due to the crisis. They are struggling to find buyers for their sorted textiles and have been forced to reduce their workforce. Similarly, the Belgian sorting operator, Terre, has seen its warehouse capacity reach limit. They are facing pressure to incinerate textile waste due to the lack of viable export markets.

Need for urgent action

Industry experts and policymakers agree that immediate action is crucial to prevent widespread bankruptcies and safeguard the future of textile recycling in Europe.

Short-term solutions include financial incentives. Many EU companies that contribute to a sustainable circular textile chain need immediate financial support to weather the storm. And targeted investment in recycling technologies and infrastructure is essential, particularly for municipalities grappling with textile waste stagnation.

Mid-term strategies include measures to increase demand for recycled textiles, such as mandatory recycled content in new products, are crucial. Europe also needs to significantly expand its recycling capacity to handle the growing volume of textile waste. And ecodesign requirements favoring sustainable materials can further incentivize the use of recycled textiles.

In the long term the EU's upcoming Circular Economy Act presents an opportunity to enshrine ambitious targets for textile recycling and create a level playing field for recycled and virgin materials.

A future Clean Industrial Deal could provide further support for innovation and investment in the textile recycling sector. Taxation is another way. Governments need to explore the possibility of introducing a tax on new, petroleum-based materials and lowering VAT on textile repair, reuse, and recycling activities.

The stakes are high, and without urgent and decisive action, Europe risks undermining its climate goals and jeopardizing the future of its textile sorting and recycling industry. The crisis presents a critical juncture – a chance to reimagine and reinvigorate the sector, or risk losing years of progress towards a more sustainable and circular textile economy.

Source: fashionatingworld.com– Oct 29, 2024

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Accelerating Circularity Is Ready to Mainstream Textile-to-Textile Recycling. Is the Industry?

Accelerating Circularity's trials have shown that it's possible to sort, pre-process, recycle and blend textile waste beyond what it describes as "proof of concept." Now the New York-based nonprofit wants to kick things up a notch, repurposing 325 tons of post-consumer cotton, polyester and man-made cellulosic materials through the multiple supply chains that it's already established with brand, retail and manufacturing partners across Europe and the United States.

It's a new era in the organization's development and one that takes a three-pronged approach to "scale the success" of its first systems trials, said Sarah Coulter, the organization's U.S. program director. The first workstream will result in a mapping tool to "guide the flow of textiles" through channels that have the highest circular potential according to its textile-use hierarchy, which prioritizes higher-value utilization of textiles before resorting to disposal. The second involves building markets, meaning moving beyond demonstrations that circular systems can exist to mainstreaming the inclusion of textile-to-textile recycled fibers, yarns and fabrics in the marketplace. The third and last workstream will span the first two, packaging their learnings for brand, retail and corporate audiences to promote their uptake.

While Accelerating Circularity's goal attacks only a fraction of the 90 million tons of textiles that it estimates end up in landfills every year, it's still a significant amount, translating to a "couple of million T-shirts, a couple of million pairs of jeans and a million hoodies," Coulter said.

The nonprofit knows it can do this: It worked with Target, which sits on its steering committee, to develop and launch a shrunken crewneck T-shirt and cami for the big box's Universal Thread range for Earth Day. Walmart, another early backer, currently sells Wrangler jeans that Beyond Retro and Accelerating Circularity helped create using 26 percent recycled cotton. But though it has onboarded a number of participants, including returning collaborators, over the past several months, Accelerating Circularity would like to welcome more as it enters this new phase.

"Based on successful developments from our round one trials, we feel like we've hit the ground running," she said. "We know we're going to make cotton jersey, we know we're going to make denim, we know we're going to make fleece and we know we're going to make woven shirting material. So now is your chance, if you are not yet participating, to join us and capitalize on the work that's already been done by our partners…while the getting is good."

Coulter said that Accelerating Circularity is currently wrapping up its development phase: confirming the feedstock specifications, for instance, and "doing the hard math" on what volumes are going to be needed per project. Supply chains for mechanically recycled cotton, thermomechanically recycled polyester and chemically recycled polyester are raring to go, with those for man-made cellulosic fibers and nylon "in the works." Beginning in 2025, Accelerating Circularity will be generating prototype materials and soliciting bulk orders from brands and retailers. Mass production is expected to take place the following year.

The problem with the fashion industry is that it tends to get stuck in splashy but short-lived capsule or pilot mode. Breaking out of that cycle, Coulter said, involves sharing the risk of developing something new. There are challenges, to be sure. Take pre-processing, which, for the most part, is still being done manually. While automated sortation and pre-processing solutions exist—Tomra, which traffics in sensor-based sorting systems, is another steering committee member—they're not necessarily at the scale they need to be. Among the biggest stumbling blocks, however, is demand, or the potential lack thereof. It's the uptake of those 325 tons of material that's a bigger concern than Accelerating Circularity's ability to recycle them.

Other issues are stickier, such as ensuring that feedstock doesn't originate from conflict regions. Accelerating Circularity is looking at working with a DNA tracer to ensure that any cotton content doesn't violate the Uyghur Forced Labor Protection Act, or UFLPA, in the United States, said Shelly Gottschamer, its vice president of global programs and stakeholder engagement. At the same time, there is a need to legislate in a way that promotes recycled materials, she said.

"For the UFLPA…I think we need some clarity around how does recycled cotton fit into this legislation?" she said. "Because if we are subject to the laws for recycled content, we will not be able to recycle, and that's a problem. And there's other legislation around legacy chemicals that we also need to be able to figure out to promote recycling."

For the most part, however, the supply chain is ready, Coulter said. And if the industry is serious about cleaning up its textile waste problem, it needs to put its money where its mouth is. At present, the materials fashion makes outlast the products they were intended for. The organization's vision is a world where textiles are no longer wasted.

"Brands and retailers have pretty ambitious GHG goals," she said, using an acronym for greenhouse gases. "Many have recycled content goals, and we really believe that participating in collaborative projects like this is a critical way to begin to be able to meet those in a meaningful way."

Economic benefits abound, too, according to innovation platform Fashion for Good, which estimates that textile-to-textile recycling could unlock a $1.5 billion opportunity in the United States alone. Right now, collectors and recyclers in Europe are sounding the alarm that the economics of the current setup aren't working and that their sector could be headed for collapse.

"For this unlock to happen, we need circular systems, and we need these systems to scale in parallel," Coulter said. "Figuring out the business model is critical in order for any of this to work."

Source: sourcingjournal.com– Oct 25, 2024

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Planning Needed to Create Demand for the Global Textile Industry

The global textile industry needs mid- to long-term planning to help create demand.

New York Cotton Futures sitting in the low 70-cent range for December delivery highlight the issues with demand. With inflation coming down, a demand uptick is expected in the later part of the fourth quarter. Moving into panic mode to find solutions to counter such problems with a short-term approach will not serve the industry well, while problem solving in a timely manner is important.

Industry associations all over the world are calling for supportive policies from their respective governments to grow the sector, as it has positive economic ripple effects in terms of trade and employment.

Short-term planning, which looks at ways and means to boost demand without long-term vision and plans, will come to hurt the industry.

A recent two-day event, “intexcon 2024,” was organized in Ahmedabad, India by Diagonal Consulting (India) and ATIRA with the support of the Ministry of Textiles, Government of India. The American Association of Textile Chemists and Colorists supported the event, and INDA served as a knowledge partner.

About 230 participants from industry, research organizations, government, and academia interacted and discussed the new developments and needs for the sector. Chief Guest, Mr. Rajeev Saxena, Joint Secretary of Ministry of Textiles, India, spoke about India’s policies to grow the advanced textiles sector.

I was privileged to deliver an inaugural speech to start the event. My address – “Platform for Opportunity and Growth” (available on YouTube) – focused on how to plan for the growth. Borrowing the long-term growth model of Amazon, I argued for mid- to long-term planning to avoid frequent crises our industry faces.

Planning should involve four factors: expansion, improvement, innovation, and diversification.

Expansion should not be just vertical by adding capacity, it should be horizontal. In the case of India, the industry should enhance its product offerings and expand its markets beyond the United States and Europe. Opportunities in Africa and South America must be explored.

Improvement should be focused on productivity enhancement, quality, timely delivery, and cost reduction. This will help advanced and emerging nations to compete with low-wage nations. A case in point is the concerted effort by the United States' cotton sector to avoid plastic contamination and improve traceability. Even in developed economies like the United States, a push to revive manufacturing is happening as it can provide millions of jobs.

Innovation is key for growth, and the textile sector needs to enhance its financial commitment towards research and development. Overall, in countries like India, the government provides a heavy lift for research.

The textile industry needs to go for product and market diversification. In this aspect, advanced textiles and affordable sustainability, applications in health care, lifestyle enhancement, and environmental protection are avenues that will yield positive results.

In my view, technology companies like Amazon have been successful by adopting these growth steps and planning for long-term.
It is reported that when Amazon went public in 1997, Jeff Bezos sent a letter to shareholders emphasizing the importance of long-term investing. Today, Amazon is a global giant taking care of its customers, shareholders, and employees. From its start as a bookstore, its focus on speedy delivery with Amazon Prime to its current efforts in cloud computing provides the textile sector with clues to grow by adopting a plan which involves expansion to diversification.

A global platform is needed for the textile industry to come together (either physically or virtually) to plan for immediate needs while not neglecting mid-to long-term planning.

Source: cottongrower.com– Oct 25, 2024

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ICE cotton drops amid selling pressure, pre-election volatility in US

ICE cotton traded lower due to pressure on the commodity. The dollar index fell by 0.3 per cent, but US cotton did not gain strength. A weaker dollar typically makes cotton purchases more affordable for overseas buyers. The ICE cotton market is likely to remain volatile due to the upcoming US presidential election.

Yesterday, the ICE cotton December contract settled at 71.53 cents per pound (0.453 kg), down by 0.98 cents.

The dollar index has been under pressure, slipping by 0.3 per cent after a consistent rise, making cotton purchases cheaper for international buyers.

Market analysts noted that the US cotton market could experience further volatility in the coming days due to the close race between Kamala Harris and Donald Trump in the US presidential election.

The USDA's weekly export report showed cotton exports of 98,400 running bales (RB), up 70 per cent from the prior week and 16 per cent higher than the 4-week average. Net sales of Upland cotton for the 2024-25 season totalled 169,700 RB, marking a 6 per cent increase from the previous week. Traders anticipated higher exports and increased activity in the next report.

The USDA's crop progress report revealed that 37 per cent of the US cotton crop is now in good-to-excellent condition, up from 34 per cent the previous week.

Currently, ICE cotton for December 2024 is trading at 71.53 cents per pound. Cash cotton is at 66.53 cents (down 0.98 cents), the March 2025 contract at 73.64 cents per pound (up 0.02 cents), the May 2025 contract at 75.05 cents (up 0.02 cents), the July 2025 contract at 75.90 cents (down 0.08 cents), and the October 2025 contract at 74.35 cents (down 0.88 cents). A few contracts remained at the previous closing levels, with no trading activity noted today.

Source: fibre2fashion.com– Oct 25, 2024

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Denmark's Bestseller's new report highlights supply chain transparency

With the launch of its first Supply Chain Due Diligence Report, BESTSELLER aims to provide even greater transparency into its sourcing practices and the management of human rights, environmental, and product safety risks.

The report covers the suppliers and factories where BESTSELLER's products are made. It incorporates the company's +20 brands, including ONLY, JACK & JONES, and VERO MODA. In the report, the company describes the work of its global teams working on the ground in sourcing countries to manage these risks across 350 suppliers and 700 factories in 18 countries, which employ just under 700,000 people.

Recently, BESTSELLER reported its financial and sustainability performance, investments, risks, strategy, and governance for the company's financial year, 1 August 2023 to 31 July 2024. In the report, the company, among many other points, outlined its approach to responsible supply chain management.

"Our greatest human rights and environmental risks lie within our supply chain. We have robust systems and qualified people working with our suppliers to address these risks, and this report provides transparency into our processes and progress. Felicity Tapsell Head of Responsible Sourcing, BESTSELLER.

Supply chain due diligence

With the Supply Chain Due Diligence Report 2023-24, BESTSELLER aims to provide stakeholders, including industry partners, NGOs, and regulatory bodies even more detailed insights into its due diligence approach and efforts in reducing the environmental and social impact of the factories where our products are made.

Our aim is to provide stakeholders with a behind the scenes look into our due diligence process. By sharing this more detailed information, external stakeholders can see what we mean when we say we are acting responsibly. It's not enough to make claims of due diligence, we need to demonstrate how we identify and assess risks, monitor conditions and impacts at factories, and collaborate with stakeholders to drive industry improvements and mitigate the most significant risks we encounter, Emily Casswell Reporting & Transparency Specialist, BESTSELLER.

Key highlights in the report include:

- Human Rights & Environmental Risks: The report provides a clear overview of the policies and frameworks the company uses to identify and manage risks throughout its supply chain.
- Supplier Engagement: The company details its approach to assessing suppliers, their factories, and its processes for developing corrective actions where necessary.
- Collaborative Efforts: BESTSELLER's engagement with key stakeholders such as unions and industry organisations like the International Accord are explained, demonstrating the company's proactive role in improving industry practices.

Increasing transparency

BESTSELLER's Supply Chain Due Diligence Report is designed to align with the OECD's Due Diligence Guidance for reporting, as well as the Ethical Trading Initiative's Corporate Transparency Framework, amongst other industry benchmarking standards.

The launch of the Supply Chain Due Diligence Report 2023-24 represents another step the company has taken towards increasing transparency in its supply chain operations, following the commitments to publishing its tier 0, 1 and 2 public factory lists every two months, and publishing regular reports for regions of heightened human rights risks.

'While this report is a step forward, there is more to cover and we are committed to increasing the depth and detail of the information included in future editions. We invite whoever is interested to review the report and provide feedback on how we can improve for next year.' Emily Casswell Reporting & Transparency Specialist, BESTSELLER

Source: fibre2fashion.com– Oct 25, 2024

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Vietnam's e-com sales up 38% YoY in Jan-Sept 2024

Vietnam's e-commerce sales were estimated at VND 227.7 trillion ($9.5 billion) in the first three quarters this year—up by 38 per cent year on year (YoY), according to e-commerce data platform Metric.

Fashion, male footwear, beauty care and groceries and were among the best-selling categories on five major platforms in the country—Shopee, TikTok Shop, Lazada, Tiki and Sendo.

In the third quarter (Q3) this year, e-commerce firms racked up sales worth VND 84.75 trillion ($3.3 billion), accounting for 37 per cent of total sales in the first nine months, and representing a YoY rise of 18.15 per cent.

The number of online shops was 580,300 in the period—down by 1 per cent YoY, a Vietnamese media outlet reported.

Shopee, Tiktok Shop and Tiki witnessed a significant quarter-on-quarter (QoQ) and YoY expansion in revenues in Q3 2024, while Lazada and Sendo experienced declining revenues.

Cross-border retail sales of Vietnam grew by an average of 20 per cent per year, and are expected to reach VND 256.1 trillion by 2026, figures from Amazon showed.

Source: fibre2fashion.com– Oct 29, 2024

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Africa to unlock its textile potential

Owing to its advanced technology, platforms like the Belt and Road Initiative and the deepening relationship, China could help Africa unlock the potential of its textile and apparel sector.

According to experts who spoke at the 2024 Sino-Africa International Symposium on Textile and Apparel held in the Moroccan city of Casablanca on Thursday, the textile and apparel industry can drive Africa's industrialization and create the millions of jobs that the continent needs.

Aouraghe Mohamed Amine, an associate professor from Morocco at Quanzhou Normal University in East China's Fujian province, said while Africa has abundant human and natural resources, China boasts the best technology globally and is making high-end textile products, which can be applied to many sectors.

Source: chinadaily.com.cn– Oct 26, 2024

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$8.3 bn worth untapped export opportunities in EU for Philippines: DTI

The Philippines has $8.3 billion worth untapped export opportunities in the European Union (EU) market that can be addressed by the proposed Philippines-EU Free Trade Agreement, according to the country's department of trade and industry (DTI).

More can be explored in areas like services and investments, DTI undersecretary for international trade group Allan Gepty said after the issue was recently discussed during the resumption of the FTA negotiations in Brussels last week.

Both sides made 'good progress' in the first round, which focused on the elements, chapters and the text of the FTA, he was cited as saying by a domestic news agency.

The next round of discussions will be in February 2025 in the Philippines, followed by a third round in June, and a fourth in October.

He said the government aims to continue the preferential arrangement with the EU once the country exits the EU Generalised Scheme of Preferences Plus (GSP+) when the Philippines reaches the upper middle income status.

Around 26-28 per cent of Philippine exports to EU enjoys duty-free benefits under the GSP+.

In 2023, the EU was the Philippines' fourth-largest trading partner, accounting for 8.1 per cent of the country's total trade after China (20.3 per cent), Japan (10.5 per cent) and the United States (9.9 per cent).

The Philippines was the EU's 42nd largest trading partner globally, accounting for 0.3 per cent of the EU's total trade last year.

Source: fibre2fashion.com– Oct 25, 2024

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Bangladesh: Meeting $100b garment export target by 2030 tough, but feasible

Bangladesh's ambitious $100 billion garment export target by 2030 is currently facing a number of challenges both at home and abroad, but local manufacturers and business leaders are still optimistic about achieving the goal.

To meet the target, readymade garment exporters seek government policy support, a stable political environment and overall security for their production units.

In fiscal year 2023-24, Bangladesh, the second largest apparel exporter of the world, shipped readymade garments worth over $36 billion.

Now domestic challenges facing manufacturers include a poor business and investment climate, disruptions to production and shipments and shortages of gas and power for production lines.

These issues are compounded by global inflationary pressures and declining prices for apparel items in key markets.

Moreover, the country's scheduled graduation from the least developed country club in 2026 will strip away preferential market access facilities for Bangladeshi RMG items, estimated at $7.77 billion by the World Trade Organization (WTO).

"Buyers are returning to Bangladesh. Therefore, achieving the target is possible if the government can improve gas and power supply," said Faruque Hassan, former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

During his tenure at the BGMEA, Hassan set the export target in 2022. To achieve this goal, the BGMEA then identified adequate gas and power supply, new investment, product and market diversification and investment in man-made fibre products as crucial factors.

However, current political uncertainties have compounded the existing energy situation and increased production costs.

Hassan said that with adequate gas and electricity supply, fresh investment would flow into the sector and many entrepreneurs would invest or expand their operations in high-value-added garment items like man-made fibre garments, jackets, activewear, jerseys, skiwear and sports items.

This value addition, he said, would fetch higher prices compared to traditional basic item exports.

On an optimistic note, he said Bangladesh's exports to non-traditional markets such as Japan, India, Russia, South Korea, South Africa and Australia appear promising.

"If exports continue at the current pace to these markets, along with traditional markets like the USA, Canada and the European Union (EU), it is possible to achieve the target," added Hassan, also the managing director of Giant Group.

The former BGMEA president also said that international retailers and brands have solid confidence in Bangladesh due to improvements in workplace safety and labour rights after the Rana Plaza garment collapse in 2013.

Moreover, he mentioned that China has been losing its global market share. Consequently, apparel work orders are coming to Bangladesh not only from China but also from Pakistan, Myanmar, Ethiopia and Sri Lanka due to political tensions in those countries.

Similar to Hassan, Kalpan Hossain, managing director of Dekko Legacy Group, said non-traditional markets, along with traditional ones, will be key drivers in achieving the target. Besides, he said Latin American countries could be excellent destinations for Bangladesh's apparel shipments.

"Achieving the target will be challenging, but it is still possible," said Hossain. "We have the potential and we must utilise it."

Shams Mahmud, managing director of Shasha Denims, said the country's garment exports have steadily increased over the past decade.

"Therefore, garment exports may grow at an even higher rate in the next six years, provided the sector gets adequate gas supply, financial support, government policy support, political stability and industrial security," he said.

Khandoker Rafiqul Islam, president of the now-dissolved board of directors of BGMEA, also sounded confident in achieving the $100 billion garment export target by 2030, provided all necessary facilities are in place.

With adequate gas supply, he said many companies would expand or invest in new ventures.

However, Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID), expressed a different view on achieving the target on time.

"When the target was set, the country's business environment was different and it has now changed," Razzaque said. "With the current business environment, achieving $100 billion might be challenging, but the country may reach $70 billion-$80 billion if a better business environment is ensured."

He added that a global slump in demand for clothing items, coupled with domestic challenges, is making the target difficult.

Razzaque also talked about the possibility of higher tariffs on Chinese items imposed by the USA if the Republican Party wins the next election. He believes this could divert massive work orders to Bangladesh from China.

Source: thedailystar.net– Oct 26, 2024

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Bangladesh losing out to Pakistan in home textile exports

Bangladesh has been struggling to recover lost work orders in the home textile segment, a significant volume of which shifted to Pakistan nearly two years ago.

This shift occurred mainly due to the sudden doubling of gas prices in Bangladesh and significant devaluation of the Pakistani rupee against the US dollar. More recently, labour unrest in industrial belts and months of political unrest in Bangladesh have contributed to lower receipts.

Moreover, Pakistan possesses some inherent advantages. For example, it is the world's seventh-largest producer of cotton, according to Statista.

Pakistan also enjoys benefits under the European Union's Generalised Scheme of Preferences Plus (GSP+), while Bangladesh only enjoys standard GSP facilities.

When Bangladesh's government suddenly hiked gas prices by 150.41 percent in February 2023, from Tk 11.98 per unit to Tk 30 per unit, major home textile exporters refrained from booking work orders due to the abnormal surge in expenses in production and a good volume of work orders shifted to Pakistan.

Khorshed Alam, chairman of Little Group, a textile miller, added that this move caused local home textile exporters to incur huge losses since work orders were based on lower prices before the hike in gas prices.

For instance, if a big local company paid Tk 68 crore in monthly gas bill prior to the hike, it would cost Tk 126 crore after, he added.

As a result, local millers did not book new work orders for some time.

"However, the export of home textile is gradually recovering," Alam said.

Another major advantage of Pakistan is that it has readily available cotton while Bangladesh relies on imports to meet more than 98 percent of the demand for cotton in the country.

Pakistan's performance in the home textiles segment is also noticeable in the country's export figures.

Pakistan's textile exports surged to a 26-month high in August, reaching $1.64 billion -- a 13 percent year-on-year increase -- due to government policies and facilitation by the Special Investment Facilitation Council (SIFC), according to a report by SAMAA TV, a private television channel.

According to the Pakistan Bureau of Statistics, textile exports stood at $1.46 billion last August.

Significant growth was recorded across various sectors, with knitwear and bedwear exports increasing by 15 percent, and ready-made garment exports up 28 percent compared to last year.

"Analysts attribute the rise to Pakistan's strategic positioning in the global textile market, especially in light of political instability in Bangladesh and international sanctions on China, which have led global importers to seek alternatives," the SAMAA TV report also said.

On the other hand, Bangladesh's exports of home textiles, which include bedsheets, tents and rugs, declined 2.05 percent to $851.01 million in the fiscal year 2023-24, according to data from the state-owned Export Promotion Bureau (EPB).

The country's home textile exports had crossed the $1-billion mark in FY21, registering a whopping 49.17 percent year-over-year growth. That momentum continued into the following year, with exports rising by another 40-odd percent to $1.62 billion.

However, the gas crisis upended that trend the following year, with home textiles fetching $1.09 billion, down by almost a third.

"As per our previous plan, we were supposed to export $30 million worth of home textiles each month. But we are now exporting $25 million a month," said Md Shahidullah Chowdhury, executive director of Noman Group, which accounts for which accounts for more than 70 percent of Bangladesh's home textile exports.

"This is even less than the previous monthly amount, which was supposed to increase," he said.

Of the exported amount, $15 million comes from home textiles and $10 million comes from the shipment of terry towels, Chowdhury said.

"We are trying to recover the lost business but some factors like low gas pressure and labour unrest are posing major barriers at present," Chowdhury said.

Monsoor Ahmed, former chief executive officer of the Bangladesh Textile Mills Association, echoed Chowdhury's views.

Ahmed said five to seven major home textile makers are currently exporting while a few big companies faced closures a few years ago for various reasons.

Textile mills cannot run at full capacity due to low gas pressure and they cannot produce the goods adequately to be more competitive, he said.

Furthermore, Pakistan has enjoyed zero-rated or preferential tariffs on nearly 66 percent of tariff lines, enhancing the country's ability to export to the EU market under the GSP+ since 2014.

From 2014 to 2022, Pakistan's exports to the EU increased by 108 percent whereas imports from the EU increased by 65 percent. The total trade volume increased from 8.3 billion euros in 2013 to 14.85 billion euros.

Source: thedailystar.net– Oct 28, 2024

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Bangladesh: RMG units struggle to adopt global reporting standards

Local garment factories are struggling to implement the Global Reporting Initiatives (GRI) standards, a set of 246 globally accepted standard issues, owing to a raft of factors, including a lack of data, local expertise, national policy directives and incentives, according to a keynote paper presented yesterday.

The GRI standards represent global best practices for reporting publicly on a range of environmental, social and governance (ESG) impacts.

But so far, only 33 local garment factories have implemented GRI standards for reporting.

The paper also said that 66 percent of global consumers, including 73 percent of millennials, are willing to pay more for sustainable goods.

By 2026, ESG-related assets under management (AuM) are expected to increase to $33.9 trillion, which would account for over one-fifth of total global AuM.

Even more importantly, the EU Sustainability Reporting Standard (ESRS) will be enforced by 2026, said Mohammad Monowar Hossain, head of sustainability at Team Group, while presenting the paper at a roundtable on "Implementing GRI in the RMG Sector of Bangladesh."

The discussion was jointly organised by The Daily Star and Swisscontact at The Daily Star Centre in Dhaka yesterday. Tanjim Ferdous, in-charge (NGOs and foreign missions) of The Daily Star, moderated the roundtable, which featured experts, exporters, professionals, entrepreneurs and officials of different diplomatic missions.

Asif Ashraf, managing director of Urmi Garments Ltd, said the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) was the first trade body in the country that had helped its members implement GRI standards in their factories.

However, many small and medium enterprises do not have the financial capabilities or human resources to implement the standards, he said.

"International retailers and brands are not ready to pay higher prices, but every such initiative costs money," Ashraf added.

Melita Mehjabeen, a professor at the Institute of Business Administration of the University of Dhaka, said GRI standards also need to be implemented in sectors such as steel.

She added that a number of companies did not have an adequate understanding of GRI standards.

Md Akhter Hossain Apurbo, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said local exporters are eager to learn how to increase trade while adhering to rules and regulations.

However, Apurbo added that Bangladesh's graduation from the group of least developed countries to a developing nation in 2026 may pose a challenge because of the erosion of trade preference that the country enjoys given its current status.

Mohammad Rashed, another vice-president of the BKMEA, said huge costs are associated with the implementation of such initiatives.

"Moreover, different buyers raise different compliance issues. But many small and medium enterprises do not have the capability to implement those rules and become more compliant."

Michael Klode, project manager at the Programme for Sustainability in the Textile and Leather Sector of the GIZ, identified the unavailability of data as another barrier to the implementation of GRI standards, saying it is sometimes difficult to know what is happening in factories.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue (CPD), said global partnerships and new rules and laws were on the horizon and that the country would have to adapt.

Although Bangladesh is still struggling with social challenges, environmental issues are being given increasing importance, he added.

"Social issues like human rights and labour rights should not be sidelined," he said, pointing to progress in occupational safety and workers' health and nutritional issues.

He also highlighted the lack of functional trade unions and said it is important to comply with international financial reporting standards.

Thijs Woudstra, deputy head of mission at the Embassy of the Kingdom of the Netherlands, appreciated that Bangladesh has the highest number of green garment factories in the world despite facing a lot of setbacks.

GRI is a more data-driven initiative, he said, adding that a country should be able to address these issues.

"ILO's fundamental principles and rights at work guarantee fair and decent working conditions for all. These principles are at the core of the social reporting framework. Bangladesh's garment industry can lead the advocacy effort for a single framework on sustainability reporting," said Anis Nugroho, programme manager of Better Work.

He added that Better Work has been working with 100 global retailers and brands and 470 garment factories in Bangladesh.

Zahedul Hoque, managing director of Kido BD, said the country was moving in the right direction in terms of compliance, but also acknowledged challenges.

"We have to develop by ourselves," Hoque said.

Ainee Islam, programme director at Asia Foundation, said they launched a programme named Oporajita for female garment workers in Bangladesh.

Mohammad Abdullah Yousuf Khan, programme manager at Solidaridad Network, said transparency in the whole supply chain is very important. Transparency will improve buyer confidence and suppliers can get a premium, he said.

Ikramul H Sohel, senior programme officer, market development cooperation section, Swedish International Development Cooperation Agency, said there are many requirements for implementing GRI standards. Skilled manpower is also needed, he added.

Sadril Shahjahan, senior research associate of the Centre for Entrepreneurship Development at BRAC University, said there should be a data repository for the garment sector.

It is required because it will allow those who wish to comply with and adopt GRI initiatives to learn more about it and understand the challenges, he said.

Tanzila Tajreen, senior policy adviser at the Embassy of the Kingdom of the Netherlands, said Bangladesh still has a long way to go as only 33 factories have implemented GRI standards.

"Is this an extra burden for the factories?" she asked.

Ishrat Fatema, team leader at Swisscontact, said they have multiple projects in the garment sector and some will be coming soon.

Mujibul Cezanne Hasan, country director at Swisscontact, said GRI standards are quickly becoming a requirement. It has associated costs but should be treated like an investment, Hasan said.

Sahela Akter, deputy secretary to the Ministry of Industry, also spoke.

Source: thedailystar.net– Oct 26, 2024

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Bangladesh: BGMEA Administrator Names Interim Board

The newly appointed administrator of the Bangladesh Garment and Manufacturers Association, or BGMEA, has assembled an interim committee to help him carry out the trade group's responsibilities ahead of an election that would reinstate its board of directors.

Md. Anwar Hossain, vice chairman of the Export Promotion Bureau, tapped an equal number of members from the organization's two main factions: Sammilito Parishad, which swept up all directorship positions, including that of the president, during the BGMEA's most recent March elections, and Forum, which accused its rival of vote rigging through doctored rolls, precipitating the chain of events that led to the board's surprise dissolution last week.

They are Miran Ali of Misami Garments, Asif Ashraf of Urmi Garments, Md. Shahidullah Azim of Classic Fashion Concept, Enamul Haque Khan Bablu of Ananta Clothing, M. Mohiuddin Chowdhury of Clifton Fashion, Md. Shehab Udduza Chowdhury of Amity Design, Shams Mahmud of Shasha Garments, ANM Saifuddin of MS Wearing Apparels, Rezwan Selim of Softex Cotton and Sharif Zahir of Ananta Apparels. Ali, Ashraf, Azim and Mahmud served as directors on the previous board.

Kalpona Akter, founder and executive director of the Bangladesh Center for Workers Solidarity, a workers' rights group, welcomed the leadership refresh, saying that future elections need to be fair and uninfluenced by political leanings.

Ousted prime minister Sheikh Hasina's Awami League, now the subject of a virulent backlash that has led to multiple arrests, had blurred the lines between the private and public sectors, she said. SM Mannan Kochi, who served as the BGMEA's president until a protracted absence from Bangladesh in the aftermath of the so-called July Revolution led to his resignation, for instance, was general secretary of the Dhaka City North arm of the Awami League.

"For the past 15 years the BGMEA played a role as a parallel government," Akter said. "They were always backed by the last regime. Many of the leaders were in the parliament as well as in the ministries, and all their elections were influenced by the Hasina government."

Whatever the results of the election, the BGMEA's leaders need to "play their roles as businessmen," she added. Otherwise, there won't be any harmony in the industry and workers will continue to retaliate. Akter also noted the fraught relationship between suppliers and workers that remains overshadowed by the blank arrest warrants that a number of factories filed in response to the minimum wage protests last year. Some 40,000 workers remain at risk of arrest because of what labor campaigners have criticized as a lack of action by major brands such as Bestseller, H&M Group, Zara owner Inditex, Levi Strauss, Matalan, Next and others.

Inditex said that it has asked its supply chain partners to remove charges whenever it's been made aware of them, although this can take a while "due to legal timelines." A spokesperson for Bestseller said that the Clean Clothes Campaign's action tracker of remaining cases is inaccurate and that the Bestseller-linked suppliers it lists have either dropped charges, have never filed charges or had no relationship with the brand to begin with.

H&M pointed to a recent agreement between local unions, factory owners and the Ministry of Labor and Employment to meet a series of demands of the workers, including the withdrawal of cases, at the close of September. "We see freedom of association, collective bargaining and responsible purchasing practices as the cornerstones for improved working conditions and wages in our supply chains and we proactively advocate for that," a representative said. The remaining brands did not respond to requests for comment.

All of this comes as the most recent spate of garment worker protests appears to have died down, if not been completely extinguished. On Sunday, Champa Khatun, an employee at Generation Next Fashion, succumbed to injuries after being caught in a clash with law enforcement over the payment of overdue wages and the reopening of the factory last week. She is the second to have died during the post-uprising demonstrations, which the BGMEA has blamed on "outside" instigative forces but activists like Akter say come from a genuine place of need.

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

Over the weekend, Anwar told the interim board that its priority is to prepare a "fair" voter list and hold elections as soon as possible, local media reported. Meanwhile, all arbitration, banking, customs and labor functions of the organization are expected to proceed as usual.

Source: sourcingjournal.com– Oct 28, 2024

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Pakistan: Textile sector demands a long-term policy

The textile sector has called on the government to establish a long-term textile policy, developed in consultation with industry stakeholders, to double exports and significantly increase foreign exchange earnings for the country.

Ijaz Khokar, former Chairman Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA), on side-line of Texpo 2024 told Business Recorder that Pakistan's government, in collaboration with the textile associations, should finalize a comprehensive textile policy for 5 years under the title "Textile Destination of the World" to double the textile exports.

"This long term textile policy should focus on exports, technological innovation, human capital, SME upliftment, and access to finance. The policy should be reviewed at the end of each quarter, and its recommendations should be implemented in true letter and spirit," he added.

He said that the country's textile sector has the ability to double the export, but it needs continuity in the economic policies and special utility tariff for the export sector.

In order to promote the country's textile sector on international markets under the umbrella of the PRGMEA, local textile and apparel producers are planning to organize the World Fashion Convention in Pakistan in 2026 he said and added that this will be the second time that Pakistan will host this global mega-event, as the country hosted this event in 2019 for the first time.

Khokhar said that this event will positively impact us in multiple directions, particularly boosting exports and improving the country's image on the international front, but its needs the government's support to organise this mega event in Pakistan.

In addition, in collaboration with the private sector, the government should set up multiple research and development centres, textile clusters, packaging and fashion design centres. These centres will strengthen garments and apparel producers to enhance their exports to different countries, he suggested.

Former Chairman PRGMEA said that Pakistan currently exports a significant amount of raw and semi-processed materials like cotton yarn and fabric. Shifting focus towards value-added products such as branded garments, home textiles, and technical textiles, sports and medical wear can command higher prices in international markets, he added.

He recommended that the government should offer incentives like tax breaks, rebates, and subsidies for manufacturers focused on value-added products and those expanding into new markets. The government should also simplify the tax procedure for exporters by reducing bureaucratic hurdles and improving customs procedures, in addition providing access to finance for SMEs in the textile sector.

Khokhar said that government and textile companies are required to invest in vocational training and technical education to improve the skills of the textile workforce, especially in areas such as design, fabric technology, and production management. “To promote the field of fashion design, the government and private sector should collaborate with universities to offer specialized courses aligned with the evolving needs of the textile industry,” he added.

Women are naturally good at fashion design, ideas innovation, and quality assurance and the private sector can bring more diversification in garment products, by providing jobs to females in different departments of the textile sector, he mentioned.

Talking on the environmental issues, he said that as environmental sustainability becomes a primary concern for global buyers, implementing green practices, sustainable sourcing, reducing carbon emissions, and using renewable energy will make Pakistani textiles more attractive in eco-conscious markets.

He urged the government to improve the gas supplies to textile exporters on a priority basis and fix the utility tariff at least for 2 to 5 years, so exporters can finalize deals with foreign buyers without any tariff confusion.

Khokhar said that due to the political upheaval in Bangladesh, Pakistan has an opportunity to get textile export orders as Pakistan can meet foreign buyers’ deadlines.

He appreciated the arrangements at Texpo 2024, organized by Trade Development Authority of Pakistan (TDAP) and said that Pakistan has got a very good response in Texpo this year, due to which Pakistan's textile and garment exports will be increased. He suggested that Pakistan should organise Texpo in Dubai once a year as he believed that this will lead to a significant increase in export sales.

Source: brecorder.com– Oct 28, 2024

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Pakistan: Looming cotton crisis

With cotton production dropping almost 50 percent, ginners sounding the alarm, textile exporters forced to import yarn and farmers considering other crops for the next season, the government is already behind the curve in dealing with what could become a full-blown crisis for the agriculture as well as the flagship export sector.

That all this is happening just when the sector is flush with orders because of India's declining trade with Bangladesh and the latter's own political and economic breakdown goes to show just how blind authorities have been to both changing global trends and the problems in the local agri sector.

Exporters continue to face severe capital shortages due to billions of rupees stuck in delayed sales tax and duty drawback refunds. And farmers complain that cotton farming has become "considerably less profitable than competing crops like sugarcane, maize, rice and sesame".

They are neither provided with a support price nor offered subsidies on agriculture inputs. There's still no organised market for such an essential crop, which also feeds the country's main export industry, which adds to their problems.

Then there are the ever-present middlemen and commission agents that continue to squeeze the margins of growers. No wonder, then, cotton production and area under cotton cultivation are constantly shrinking. Stakeholders still trying to wrap their heads around the government's apparent compulsions about the support price and subsidies and justifiably question the inaction at least as far as these middlemen are concerned. But there's still no answer.

The Pakistan Cotton Ginners Association (PCGA) has been running from pillar to post about all this, reminding the government that centrality of cotton to export and ultimately economic growth makes increasing production a "national responsibility".

It turns out also that the Task Force on Agriculture has been holding talks with the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and the Federal Board of Revenue (FBR) about the industry's tax issues, complaining how excessive taxation has "severely impacted the sector".

It is unfortunate that for far too long successive governments have taken the entire agriculture sector for granted. As a result, it has lost the status of a natural comparative advantage and Pakistan has been reduced from a one-time net exporter to a chronic agri importer. Yet it's much worse that the government is still groping in the dark; even as the crisis now threatens to spread into the export sector.

Source: brecorder.com– Oct 26, 2024

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Pakistan, China firms sign deals worth $40m

The fifth International Textile and Leather Exhibition from October 23-25 at the Expo Centre Karachi was organised by the Trade Development Authority of Pakistan (TDAP) to promote Pakistan's textile and leather industries.

Keywin Trading Ltd General Manager of China Operations Sajjad Mazahir told China Economic Net (CEN) that the MoU and agreements worth $40 million were signed by the Chinese firm and their Pakistani textile suppliers for one year.

Wang Jun of Hunan Dongxin, Sajjad Mazahir of Keywin Trading, along with their suppliers Mahmood Textile Mills and Gadoon Textile Mills, signed the deals.

Mazahir stated that there are around 250 companies showcasing their new collections and representing Pakistan's diversity in textiles, denim, home textiles, knitwear and leather industry.

After the ceremony, Wang expressed his gratitude to Pakistan's embassy and TDAP for arranging their visits this year, and shared his appreciation for the product exhibitors of Hall 3 and Hall 4. More than 600 foreign guests were invited to be part of Texpo's events and activities, of which 30 were Chinese guests from various fields.

Source: tribune.com.pk– Oct 26, 2024

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NATIONAL NEWS

Texprocil Celebrates 70th Anniversary with Prestigious "Vastra Ratna" Awards

The Cotton Textiles Export Promotion Council (Texprocil) marked a historic milestone, celebrating its 70th Anniversary with a grand awards function held at the JW Marriott, Sahar in Mumbai. The event, which highlighted the remarkable achievements in the textile sector, was graced by the Hon. Governor of Maharashtra, Shri C P Radhakrishnan who was the Chief Guest for the evening.

VASTRA SHIROMANI AWARD
Mr. Suresh Kotak,
Chairman
Textile Advisory Group

VASTRA VIBHUSHAN AWARD
Mr. Sanjay Jayavarthanavelu, CMD
LMW Limited
(Collected by Mr. S, Rajasekharan in absentia)

VASTRA BHUSHAN AWARD
Mr. Rajendra Kumar Dalmia,
Managing Director
Aditya Birla Real Estate Limited

Textile Excellence Award
Padma Bhushan Mr. S P Oswal,
Chairman and Managing Director, Vardhman Group
(Collected by Mr. Anand in absentia)

Special Achiever Award
Padmashri Mr. Rajinder Gupta, Chairman Emeritus,
Trident Group
(Collected by Mr. Pradeep Kumar Agarwal in absentia)

Global Achiever Award
Mr. Anil Kumar Jain,
Chairman
Indo Count Industries Limited

Woman Achiever Award
Ms. Dipali Goenka, Managing Director & CEO
Welspun Living Limited
(Collected by Ms. Ruchika Arora in absentia)

MSME Achiever Award
Mr. M Nachimuthu,
Chairman
Atlas Group of Companies

Brand Achiever Award
Mr. Kulin Lalbhai, Vice Chairman
Arvind Limited
(Collected by Mr. Ankur D. Trivedi in absentia)

As part of the celebrations, the prestigious "Vastra Ratna" Awards were conferred upon 9 distinguished companies for their outstanding contributions to India's cotton textile industry. These awards honour companies that have set new benchmarks in export excellence, innovation and sustainability driving the growth of India's textile sector on the global stage.

In his keynote address, the Hon. Governor of Maharashtra lauded the Council's seven decades of dedicated service to the nation's textile industry. He emphasized the sector's significant role in India's economic growth and export prowess, while commending the award recipients for their leadership and commitment to excellence.

Shri Sunil Patwari, Chairman of Texprocil, expressed honor and pride in the Council's legacy, stating, "For 70 years, Texprocil has been at the forefront of promoting Indian cotton textiles globally. The 'Vastra Ratna' awardees exemplify the spirit of innovation and dedication that has propelled India to become one of the world's leading textile exporters."

The event also featured the release of a Commemorative Souvenir and a film that reflected on the Council's journey over the past seven decades, with a focus on the future vision for the industry amidst evolving global challenges and opportunities.

The 70th Anniversary celebrations and awards function stand as a testament to the continued efforts of Texprocil in supporting and promoting Indian cotton textiles, ensuring the sector remains a key pillar of the country's export economy.

Source: Texprocil Textile Intelligence– Oct 28, 2024

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Shri Vijay Agarwal takes over as the new Chairman of Texprocil

Shri Vijay Agarwal assumed the role of Chairman of TEXPROCIL on (October 29, 2024) at the first meeting of the newly constituted Committee of Administration, following the successful completion of Shri Sunil Patwari's term.

The Committee of Administration warmly welcomed Shri Vijay Agarwal, extending their best wishes for a successful tenure.

In recognition of Shri Patwari's leadership in promoting Indian cotton textile exports, he was presented with a commemorative booklet featuring a compilation of his "Chairman's Page" during his two-year tenure.

Source: Texprocil Textile Intelligence– Oct 29, 2024

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Govt working on revamped interest subvention scheme for exporters

With the finance ministry seeking "justification" for continuing the Interest Equalisation Scheme (IES) for exporters, the commerce department is exploring ways to revamp it to ensure the scheme meets the objectives outlined during its launch nine years ago.

The scheme is currently set to expire on December 31.

IES is an interest subvention initiative under which banks offer reduced interest rates to exporters on their pre- and post-shipment rupee export credits. Lenders are then compensated by the government.

Launched in 2015 for five years, the scheme aimed to alleviate stress among exporters, particularly in labour-intensive sectors, as well as micro, small and medium enterprises (MSMEs). Since then, it has been periodically extended. "We are working on a revamped IES that more convincingly demonstrates due diligence regarding labour intensiveness and ensures benefits are properly passed on. Overall, the goal is to determine whether the scheme is serving the objectives outlined by IES," said a source familiar with the matter.

The finance ministry has been of the opinion that the scheme enhances the profitability of exporters rather than their competitiveness, according to another source. As a result, the scheme's effectiveness is being reassessed, considering factors such as the overall cost of finance for exporters, utilisation of available funds, the correlation between export realisation and the subvention provided, and its impact on the growth of loans for exporters in sectors covered by the scheme.

Exporters, particularly MSMEs, believe the scheme has been helpful because credit costs for them are quite high. In some cases, the cost of credit has posed a bigger concern than freight costs.

Ajay Sahai, director-general and chief executive officer of the Federation of Indian Export Organisations, said that before making a decision on the extension, it will be crucial to take a holistic view.

“One should examine international key rates — India vis-à-vis other countries — and conduct a comparative study. It is essential to consider not only profitability but also whether IES mitigates the disability factor faced by exporters. In this case, the scheme helps insulate against the high cost of credit. Overall, it is beneficial for exporters and should continue,” Sahai said.

However, over the past year, the benefits under the scheme have been diminishing. Initially, the scheme applied to 416 identified tariff lines and to all MSME manufacturer-exporters across all export lines.

In June, the government extended IES until September 30, but it was limited to MSME exporters, excluding other exporters covering 410 tariff lines.

The scheme was then extended for another three months, but fiscal benefits for each MSME, on aggregate, were capped at Rs 50 lakh for 2024-25 until December 2024. Previously, benefits to individual exporters were capped at Rs 10 crore per annum.

The commerce department has also been advocating for the inclusion of both MSMEs and non-MSMEs with the scheme’s extension.

RECASTING THE SAFETY NET

Under IES, banks offer reduced interest rates to exporters on their pre- and post-shipment rupee export credits; lenders are then compensated by the Centre

The scheme’s effectiveness is being reassessed, considering the overall cost of finance for exporters and the utilisation of available funds

The scheme is in place until December 31

In 2023-24, over 75% of beneficiaries under the scheme were MSMEs

Union Budget has allocated Rs 1,700 crore towards IES for 2024-25

Source: business-standard.com– Oct 28, 2024

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Deloitte expects India to grow at 7-7.2% in FY25, 6.5-6.8% in FY26

Deloitte expects India to grow at 7-7.2 per cent in fiscal 2024-25 (FY25) in its baseline scenario, followed by 6.5-6.8 per cent in FY26, slightly lower than previously estimated.

India's slightly slower FY26 growth will likely be tied to broader global trends, including sluggish growth and a delayed synchronous recovery in the West, as anticipated earlier, Rumki Majumdar, director and economist with Deloitte India, wrote on the company website.

Slowing global trade and supply chain disruptions due to intensifying geopolitical uncertainties will also affect demand for exports.

Despite these challenges, Deloitte will continue to see the difference between actual gross domestic product (GDP) and pre-COVID-19 levels progressively narrowing as growth picks up pace.

Growth is likely to pick up, driven by increasing consumer spending, especially in rural India, as inflation subsides, and agricultural output improves after favourable monsoon conditions, she wrote.

India may benefit from higher capital inflows, translating into long-term investment and job opportunities as multinational companies around the world look to reduce operational costs further, according to the US-headquartered audit, consulting, tax and advisory services firm.

Deloitte believes the Indian government's focus on boosting manufacturing and improving youth employability, coupled with India's young and aspirational population, presents a unique opportunity for economic growth.

The resilient growth of 6.7 per cent in the first quarter of FY25 amid political and economic uncertainties has increased Deloitte's confidence in India's outlook this year, suggesting strong economic fundamentals driving economic activity.

The government's reduced capital expenditures during the election will likely be made up for in the latter half of the year, thereby boosting the overall economy.

Manufacturing sector capacity utilisation is at an all-time high of 76.4 per cent, which suggests that private investments in the sector will pick up. Higher capex will also crowd in investments, Deloitte said.

Oil prices are expected to remain modest and range-bound, which will help reduce import bills and, therefore, the current account deficit. Besides, low oil prices will also reduce the cost of imported intermediate goods and raw materials, bringing down production costs.

Inflation concerns are fading as expected, with better rainfall and proactive government interventions improving the food supply chain. Inflation may ease further in the latter half of the year. However, stronger growth may also pressure inflation as demand outpaces supply.

Deloitte expects inflation to slowly revert to the central bank's target level of 4 per cent from early next year and remain within its comfort zone over the forecast period.

Source: fibre2fashion.com– Oct 27, 2024

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Indian economy projected to grow at 6.5-7% in FY25: Finance ministry

The September Monthly Economic Review by the department of economic affairs under the Indian ministry of finance projects an optimistic economic outlook for the country for this fiscal, with growth rates estimated between 6.5 per cent and 7 per cent.

However, global geopolitical tensions, particularly escalating conflicts and growing geo-economic fragmentation, could pose significant risks to this outlook, the review document said.

"Their spillover effects on India could cause negative wealth effects, impacting household sentiments and altering spending intentions on durable goods," it said.

The potential for disruptions in global trade and finance stemming from unpredictable trade policies of major economies may affect India's external sector, despite its current stability, it noted.

Domestic factors are strong, with an expected positive agricultural output, festive demand spikes and projected increases in government spending that are anticipated to spur investment activity.

Stable demand conditions are crucial, but needed monitoring, particularly as high food prices have recently led to localised inflation pressures, the ministry said.

"However, at the margin, demand conditions in the economy bear watching. Given the overall subdued inflation, barring a few food items, the real price of money may have gone up," it added.

Source: fibre2fashion.com– Oct 24, 2024

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Industry demands textile policy from Tamil Nadu government

Textile associations in Coimbatore and Tiruppur districts have sought a new textile policy from the Tamil Nadu government that will support the existing units to sustain operations.

The Handlooms, Textiles, and Khadi Department Secretary V. Amuthavalli visited industries in the two districts on October 24 and 25 and held discussions with the stakeholders.

Chairman of the Southern India Mills' Association S.K. Sundararaman said at the meeting that only 60 % of the textile mills in Tamil Nadu were functional and the attractive investment incentive policies of States such as Gujarat, Maharashtra, and Madhya Pradesh were attracting investments. If Tamil Nadu government failed to take necessary measures now, the industry would be wiped out of the State, he said.

A member of the Powerloom Development Export Promotion Council (Pdexcil) Sivalingam requested for suitable policy from the State government to upgrade powerlooms into shuttleless/ rapierloom, which would bring down the cost of production and revive almost 50,000 powerloom owners of Somanur and Palladam.

The associations that took part in the meeting also pointed out that the main factor affecting the industries were the high power costs. The textile units in Tamil Nadu were paying almost ₹9.5 a unit. The State government should also remove charges for captive solar energy generated.

The Secretary assured to take up the demands with the government.

Director of Textiles Lalitha also participated in the meetings organised by the Regional Deputy Director of Textiles, Tiruppur.

Source: thehindu.com– Oct 26, 2024

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India keeping close watch on IPEF trade pillar talks

The latest apparel trade data for August 2024, as analyzed by Wazir Advisors in their monthly 'Apparel trade scenario in keyglobal marketsand India', highlights a global market that is still recovering from the disruptions of the past few years. While some key markets showed signs of growth, others experienced declines, revealing the ongoing challenges and uncertainties in the industry.

Apparel imports adivergent landscape

The performance of major apparel importing nations in August 2024 was uneven. The US for example, a major market, maintained its import levels at $7.8 billion, indicating no year-to-year change. This indicates that the US apparel market remains relatively stable. However, other markets experienced fluctuations.

The European Union saw a 10 per cent increase in apparel imports, reaching $9.0 billion, suggesting growing demand for apparels in the region. In contrast, the United Kingdom and Japan recorded import decline, with decreases of 6 pr cent and 8 per cent, respectively. This highlight the varying economic conditions and consumer sentiments across different countries.

China's dominance continues in apparel exports

China, the world's largest apparel exporter, maintained its position in August 2024. Despite a slight 5 per cent decline in exports to $13 billion, China's dominance in the global apparel market remains unchallenged.

India, another major player in the apparel export market, experienced no significant change in exports, remaining at $1.1 billion. However, the overall Indian apparel exports are projected to reach $15 billion in 2024, a growth of 5-7 per cent compared to the previous year. This indicates a positive outlook for India's apparel industry.

Mixed signals in apparel retail

The retail landscape also reflected mixed trends. In the US, apparel store sales were estimated 1per cent higher in September 2024 compared to the same period in 2023. This suggests a modest increase in consumer spending on apparel. Home furnishing store sales witnessed a more substantial growth of 15 per cent, indicating a rising interest in home decor and renovation. Also, for last several quarters, major retailers have reported lower inventory levels compared to sameperiod in the previous year. These retailers include GAP, Walmart, Target, Kohl’s among others.

In the United Kingdom, apparel store sales rose by 5 per cent in September 2024, indicating a stronger demand for clothing. However, the US Consumer Confidence Index declined by 4 per cent in September, suggesting some uncertainty among consumers. Which means consumers may be cautious about spending despite improving economic conditions.

Overall, the Wazir Advisors report indicates global apparel trade in August 2024 was a mix of positive and negative developments. While some markets experienced growth, others faced challenges. The overall recovery process continues to be uneven, due to factors such as economic conditions, consumer sentiment, and geopolitical events. As the industry navigates these complexities, it remains to be seen how the global apparel market will evolve in the coming months.

Source: fashionatingworld.com– Oct 25, 2024

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SBI and India Exim Bank filling trade financing gap in Africa

The State Bank of India and the India Exim Bank are helping businesses in African countries to fill the gap in trade finance, the South African heads of the two organisations told the India Entrepreneurs Forum (IEF) here. The event was initiated by Consul General of India Mahesh Kumar who said it is the first of a series of ongoing engagements with the IEF.

"We did this to assist all companies doing trade or some form of other business with India in their capacity building because generally for bigger businesses they are able to sort out their trade financing needs. For smaller business, a lot of issues look very difficult and insurmountable and they find the complexities of the trade world very bewildering sometimes," Kumar said.

CEO of State Bank of India (SBI) Ashutosh Kumar and Shyamashish Acharya, Resident Representative at the Johannesburg Representative office of India Exim Bank, both explained the benefits of using their services in dealing with import and export trade between India and the African continent.

"SBI is enabling India's footprint in Africa, playing an important role in African trade by way of funding to South African banks through syndications," Kumar said, adding that the bank had invested fresh capital and retained its earnings for the last 27 years in South Africa.

"SBI's offerings include bilateral credit lines to multi-lateral institutions such as Afri-Exim, Africa Finance Corporation, and others. We also offer bilateral lines in the form of trade loans to the other major banks present in African countries," Kumar said.

The CEO said such funding indirectly reaches smaller corporates in the African nations whereas direct reach would have been difficult. "With various Indian corporates participating in the bid bonds in various project in Africa, we have ensured to establish reach in majority of the African nations through our correspondent bank," Kumar said.

He said that SBI now caters to more than 40 nations on the African continent to help Indian corporates for their bank guarantee requirements. Acharya shared how a trade facilitation initiative called

Trade Assistance Programme (TAP) to contribute to reduction in the trade finance gap had integrated India's economic engagement with its partner countries in a post-Covid world.

"The TAP provides support through credit enhancement to trade instruments, thereby enhancing the capacity of commercial banks to support cross-border trade transactions involving untapped markets where trade lines are constrained or where the potential has not been harnessed," Acharya said.

He said that India Exim Bank was already operating in 31 African countries, the largest number on any continent after 17 in Asia, 15 in Latin America and 10 in Europe.

Among the African projects supported by India Exim Bank, Acharya cited one by CSM Technologies in Bhubaneswar to provide IT solutions and services for national identity documents rollout in Ethiopia and construction of electrical networks in Burundi by East India Udyog of Uttar Pradesh.

Acharya said his bank was also exploring the possibility of extending credit lines to several South African banks for projects in neighbouring states of Zambia and Zimbabwe. SBI COO Kirti Kumar said SBI and India Exim Bank were not competitors but complemented each other in their activities.

The COO also said that the current initiatives at BRICS for settlement of debts in local currencies rather than currencies such as the USD would not impact its activities.

"How much trade between (the BRICS partners) will happen in USD remains to be seen, but as a banker it would hardly make any difference. We are already trading in several other currencies, so we will just add one more currency," he said.

Source: economictimes.com– Oct 26, 2024

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NE integral to India’s textile identity: Giriraj

Shillong: Union minister of textiles Giriraj Singh shared his vision for the future of India’s textile industry, emphasizing the significance of innovation and the northeast’s role in the sector. He highlighted the substantial contribution of the northeast, with handloom, technical textiles, and handicrafts accounting for over Rs 45,000 crore in exports. “The northeast plays a vital role in our billion-dollar market,” he said.

The minister addressed the graduates at the 12th convocation ceremony of the National Institute of Fashion Technology (NIFT) in Shillong, marking the inauguration of the institute’s permanent campus. “Today marks a pivotal moment for NIFT Shillong, where we not only inaugurate a state-of-the-art campus but also celebrate the culmination of years of hard work by our graduates. Your journey does not end here; it begins anew. Embrace the challenges ahead and strive to innovate and inspire. The future of fashion is in your hands,” he encouraged the graduating class of 2024.

Singh stressed the importance of technology in design, stating, “If our students create beautiful designs through hard work, we must equip them with tools and technology to protect their creativity.” He expressed his commitment to elevating the textiles department to a level of national and global recognition, emphasizing that the textile industry offers the most significant employment opportunities after agriculture. The minister projected that India's textile industry would grow to 350 billion US dollars by 2030, creating crores of jobs.

The integration of Artificial Intelligence (AI) into the design process was also highlighted, aligning with the Prime Minister's belief that “design permeates all sectors, especially fashion, which will be our strength.” Singh praised NIFT’s pioneering initiative, VisionNxt, stating, “We need not depend on other nations,” and announced plans to establish NIFT campuses outside India.

Source: timesofindia.com– Oct 26, 2024

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40% expect India's exports to fall amid a stumbling block

High interest rates pose a significant challenge for Indian exporters, with three-fourths of them borrowing at over 12 percent, even after providing collaterals. According to a survey by the Federation of Indian Export Organisations, shared with the Times of India, this issue is a major concern among exporters.

The survey revealed that 40 percent of exporters expect a decline in exports for the current financial year, while 22 percent anticipate up to 5 percent growth. India's exports grew by 1 percent, reaching $213 billion in the first half of the current fiscal year. The US and UAE were noted as key growth markets by most exporters.

Of the 678 exporters surveyed, 39 percent cited high interest rates as a top concern. Freight rates, which have increased due to tensions in the Persian Gulf and shipping line availability, were identified as another major problem. Although the government has attempted to address freight issues, borrowing costs remain high.

Currently, 22 percent of exporters borrow at rates between 10-12 percent. With the Reserve Bank of India's repo rate set at 6.5 percent, lending rates are elevated compared to other regional countries like China (3.1 percent), Vietnam (4.5 percent), Malaysia (3 percent), and Thailand (2.25 percent). Lenders are maintaining a spread of almost 6 percent when lending to exporters, a long-standing issue. Proposals to extend interest subsidies have been stalled.

Meawhile, India is reportedly planning a new loan scheme for small and medium-sized businesses (SMEs) and ecommerce exporters that won't require collateral. This initiative comes as the country aims to reach $2 trillion (around ₹168 lakh crore) in exports by 2030, ET reported citing officials aware of the discussions.

Although the specifics of the scheme are still being worked out, the government is in talks with banks and the Reserve Bank of India (RBI) to create a program that provides these loans based on the exporters' past performance. An official, who wished to remain unnamed, explained that the goal is to increase export credit, create new financing options, and lower interest rates for exporters.

Small exporters face additional hurdles, as 82 percent reported having to provide security to obtain loans. The commerce department is exploring ways to ease credit flow and utilise Export Credit Guarantee Corporation (ECGC) guarantees to help lower borrowing costs.

Freight costs are particularly impactful, with 82 percent of survey respondents affected by high rates. Additionally, 86 percent reported that logistics affected their competitiveness, with ocean freight being the primary concern.

Source: economictimes.com– Oct 26, 2024

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Mechanism for barring of GST Return on expiry of 3 years to be in motion early next year

A GST assessee has now little time to file outstanding returns as the tax department has said that mechanism for barring of GST Return on expiry of three years will be operational from early next year.

Tax experts say not filing outstanding return could result in penalty.

An advisory issued by GST portal said that based on the Finance Act 2023 and implemented with effect from October 1, 2023, the taxpayers shall not be allowed file their GST returns after the expiry of a period of three years from the due date of furnishing.

These returns include GSTR-1, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9 and covered under Section 37 (Outward Supply), Section 39 (payment of liability), Section 44 (Annual Return) and Section 52 (Tax Collected at Source) of CGST Act.

“The said changes are going to be implemented in the GST portal from early next year (2025). Hence, the taxpayers are advised to reconcile their records and file their GST Returns as soon as possible if not filed till now,” the advisory said.

The Finance Act 2023 prescribed change in section 39 of the CGST Act and inserted a provision saying “A registered person shall not be allowed to furnish a return for a tax period after the expiry of a period of three years from the due date of furnishing the said return.”

Further, it also provided an enabling provision for extension but subject to certain conditions and restrictions.

Rajat Mohan, Senior Partner, AMRG & Associates says, the GSTN update concerning the barring of GST return filings post a three-year deadline introduces a significant compliance shift. Implemented under the Finance Act, 2023 and effective from October 1, 2023, “this update will enforce a strict deadline across critical returns, including GSTR-1, GSTR-3B, and GSTR-9, among others.”

According to him, this move aligns with a broader intent to ensure timely compliance, enhance data reliability, and potentially reduce the backlog of unfiled returns within the GST system.

By capping the period for delayed filings, taxpayers are motivated to reconcile and rectify their records promptly.

However, it may also create challenges for taxpayers with historically unfiled returns, especially those facing administrative or logistical constraints in consolidating older records.

“Businesses are advised to proactively audit their filing history and address any outstanding returns within the remaining window. This action will prevent future compliance issues and penalties that may arise once the portal enforces this three-year limit,” he said. Further he added that the policy’s digital automated implementation on the GST portal in early 2025 allows some preparation time, but prompt action is still crucial for affected taxpayers.

Commenting on the development, Saurabh Agarwal, Tax Partner at EY said that government is introducing all these measures to streamline GST procedures and data consistency. Moreover, there is no longer any relevance for such facilities to make retrospective changes as the GSTN portal is stable and has been operating seamlessly for quite some time. Recently, “GSTN portal has also implemented the system of archival of data prior to 7 years, which may lead to optimization of data management and operational efficacy,” he said.

Source: thehindubusinessline.com– Oct 29, 2024

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China's greater integration with ASEAN worries India in its FTA review

The ASEAN's deeper economic integration with China in the last 15 years since India's free trade agreement (FTA) with the bloc was forged has thrown a big challenge for the country in the ongoing review of the pact, sources said.

India is trying to guard against the risk of the neighbouring country taking advantage of a possible greater opening up of markets between the two partners as China's supply lines are now more intertwined with that of ASEAN countries, sources tracking the matter told businessline.

"China is like the big elephant in the room where India and the ASEAN are holding review negotiations. ASEAN's imports from China are now 30 per cent of its total imports, which is up from 10 per cent fifteen years ago. Recently, the Chinese Premier Li Qiang talked about an even greater integration with the bloc. India needs to weigh every step carefully keeping this in mind," the source said.

Seeking FTA review

India had demanded a review of the FTA with the ASEAN, formally called the ASEAN India Trade in Goods Agreement (AITIGA), signed in 2009, as it resulted in disproportionate gains for the ASEAN countries with its trade deficit with the bloc widening to $38.46 billion from $7.5 billion in 2010, when the pact got implemented.

"There have been concerns about a variety of products with a high Chinese content, ranging from steel products to mobile phones, making their way into India at preferential duties from countries such as Vietnam, Indonesia and Malaysia," the source said.

The ASEAN includes Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia.

With the Regional Comprehensive Economic Partnership (RCEP), an ambitious free trade pact between the ASEAN and its five FTA partner countries China, South Korea, Japan, Australia and New Zealand now operational, the risk of Chinese items coming into India through the ASEAN countries is even higher, the source added.

"The answer to the concern does not lie solely in making ROO (rules of origin which trace where an item originates) more stringent to keep Chinese items out. After RCEP, Chinese investment in the ASEAN is also increasing rapidly. So the problem is more complex," the source said.

The problem is that the ASEAN has to be convinced to allow India adequate protection in items where its domestic industry is being hit most because of the FTA concessions. "For that the bloc would want additional concessions in other areas from India. That is something that has to be properly negotiated," the source said.

India's demands

Also, while under the AITIGA, both sides agreed to open their respective markets by progressively reducing and eliminating duties on 76.4 per cent coverage of good, the ASEAN countries did not take on uniform commitments. "India wants countries like Vietnam, that had given disproportionately less market access in the AITIGA, to take on more tariff reduction under the review," the source added.

Source: thehindubusinessline.com– Oct 29, 2024

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ICE cotton prices rise amid concerns over India's production decline

ICE cotton prices rose due to concerns about a potential drop in India's cotton production. Recent unfavourable weather and reduced acreage are expected to lower the country's cotton output. However, a stronger dollar index has limited the gains in the natural fibre.

Yesterday, the ICE cotton December contract settled at 72.51 cents per pound (0.453 kg), up by 0.43 cents. The contract reached a high of 72.75 cents, its highest level since October 11. The December contract has gained in three of the last four sessions, appreciating by 175 points over this period.

The dollar index further strengthened and settled above 104 yesterday. A stronger dollar makes cotton purchases more expensive, thus limiting gains in US cotton.

The trading volume was 36,294 contracts, slightly down from the 38,600 contracts cleared the previous day. Data from ICE on October 22 confirmed that No. 2 cotton futures contract inventories remained unchanged at 174 bales.

According to market analysts, US cotton is receiving support from potential losses in Indian cotton production.

Recent rains may further reduce production, which has already been impacted by lower acreage in various regions. India, a major cotton producer and consumer, may see reduced production, which could increase global demand for cotton.

The USDA’s crop progress report showed that 37 per cent of the US cotton crop is now in good-to-excellent condition, up from 34 per cent the previous week.

Traders are now awaiting the USDA’s weekly export sales report, which is expected to provide further guidance on market trends.

Currently, ICE cotton for December 2024 is trading at 72.46 cents per pound, down 0.05 cents.

Cash cotton is trading at 67.51 cents (up 0.43 cents), the March 2025 contract at 74.39 cents per pound (down 0.14 cents), the May 2025 contract at 75.77 cents (down 0.09 cents), the July 2025 contract at 76.73 cents (down 0.05 cents), and the October 2025 contract at 75.23 cents (up 0.52 cents). Some contracts remain at their previous closing levels, with no trading observed today.

Source: fibre2fashion.com– Oct 24, 2024

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Researcher develops sustainable textiles, opening new revenue stream for areca nut farmers

Areca nut farmers in Kerala, who have long struggled with disposing of large amounts of areca nut husk, may now have a promising solution. This agricultural byproduct, often discarded or burned, is now being transformed into a valuable raw material for the textile industry, thanks to the pioneering work of a researcher at the National Institute of Fashion Technology (NIFT) in Kannur. Georgy Sunny Chandrankunnel, Assistant Professor at NIFT, has developed a process to turn areca nut husk fibres into yarns suitable for fabric production.

Mr. Georgy's research, initially sparked by his childhood experiences on his family's ancestral areca nut farm in Balal, Kasaragod, has evolved into an endeavour in a sustainable fashion. "The possibilities I saw as a young boy on our farm laid the foundation for my interest in sustainable textile practices," he reflects. "It's an honour to contribute something back to the community I grew up in, using materials we never thought had much value."

The research not only taps into sustainable solutions but also offers a meaningful economic prospect for farmers. Areca nut husks, previously disposed of through burning — a method linked to respiratory illnesses and environmental degradation — can now be redirected towards textile production. The fibre extracted through a water retting process yields a natural golden-yellow hue, adding a unique aesthetic value to the fabric.

"My primary objective was to convert agricultural waste into something that aligns with contemporary fashion trends while helping farmers," he explains. "The initiative paves the way for them to sell areca nut shells directly to the textile industry, creating an alternative income stream."

The research has progressively refined the fibre extraction process, leading to softer and more versatile areca nut fibres that comprise up to 90% of his yarn blends.

"Initially, I could only achieve a thick yarn combining areca nut with cotton, but as the process improved, I could produce finer yarns," he said. "This not only allows for more applications but also integrates the natural beauty of the fibres into the final product."

Mr.Georgy has also come out with a design collection titled "Memory of Malabar," capturing his vision of sustainable innovation rooted in local heritage. Inspired by the lush landscapes and traditional architecture of Kerala's Malabar coast, the collection features scarves, curtain fabrics, and a reimagined version of the Kerala dhoti, where areca nut yarn takes the place of traditional golden zari.

Mr. Georgy recently presented his collection at IDEAS-2024, an international symposium hosted by IIT Roorkee and Queen's University, Canada, which focused on "Innovation through Design and Co-Creation in Resource-Constrained Society." The event brought together innovators and scholars from across the globe to discuss solutions aligned with the United Nations Sustainable Development Goals.

"For me, this isn't just research. It's about honouring my roots while creating something meaningful for future generations," he adds.

Source: thehindu.com– Oct 27, 2024

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