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INTERNATIONAL NEWS

'This New Sheriff Loves Tariffs': Industry Groups on the Problems and Potential That Come With Second Trump Presidency

The next inhabitant of the Oval Office has been decided, and the shift could represent a sea change for apparel, footwear, textiles and retail.

Though the fate of Congress remains in flux, industry groups aren't waffling when it comes to the problems, and potential, that could come with a second Donald Trump presidency.

Their perspectives have been percolating throughout the 2024 election cycle, and this week, those representing the interests of the fashion sector are solidifying their objectives in working with the incoming administration on the key issues of trade and tariffs.

"There's going to be a new sheriff in town, and this sheriff loves tariffs," said Steve Lamar, president and CEO of the American Apparel and Footwear Association (AAFA). "It's what a lot of people in the industry have been modeling for, bracing for or planning around for some time now."

But the question moving forward, in Lamar's estimation, is whether the president-elect plans to use tariffs "as an outcome or as a point of negotiation."

During his first term, Trump levied tariffs on $380 billion-worth of China-made goods. Following the aggressive taxation measures, the U.S. and China worked out a Phase One trade agreement in early 2020 with the goal of rebalancing the trade relationship and protecting American intellectual property and technology.

It was largely viewed as a failure, and the enmity between the superpowers deepened, settling into a years-long trade war that still runs hot today.

Now, Trump has proposed taxing Chinese imports at a rate of 60 to 100 percent, and he's widened the scope of his tariff strategy to, well, the entire world. One of the central tenets of the incoming president's economic plan is establishing a universal baseline tariff of 10 to 20 percent on products from around the globe—even from countries already covered by free-trade agreements and preference programs.

As recently as this week, Trump added another wrinkle to his tariff strategy, saying he'd levy duties of up to 100 percent on Mexico-made goods—a move he believes would incentivize the U.S.' largest trading partner to crack down on illegal border crossings.

"If tariffs are going to be for negotiating leverage, then it's a little bit of a white-knuckle ride until we get to an outcome that's good—a trade agreement, or something else that that improves the market access opportunities brought about by trade," Lamar said.

By contrast, "If he's using tariffs as an outcome—'I'm going to put tariffs on, and then be done,'—then we have to figure out, 'How do we not break the economy?'" he added. "We're a consumer-driven economy, and tariffs are inflationary, there is no question about that."

Article 1, Section 8 of the Constitution gives Congress authority over the implementation of tariffs, "but over decades—generations, even—Congress has delegated that authority to the Office of the President," giving the Commander in Chief a wide berth when it comes to taxing foreign countries on an array of products.

"There's a lot of flexibility for the president to decide what those circumstances might be," the AAFA lead said—and it's also unclear when, or if, a potentially Republican-led Congress would be compelled to refute the president's liberal application of duties on China or any other nation.

What started as an "initiative to punish China" could actually end up helping the U.S.' greatest trade adversary and economic competitor should duties indeed be applied to goods from other nations, Lamar believes.

"If you start hitting all these other countries with tariffs, now you've given China a phenomenal opening to establish closer relationships with them," he said. "All of this seems to be something that could really backfire, not only in terms of advancing international economic interests, but also in how you affect the U.S. economy."

"If all of a sudden the price of everything goes up—which will happen—how much will that disincentivize consumers from going out and shopping, from going out to the stores?" he added.

But something about Trump's tariffs-all-around policy has resonated with voters. Matt Priest, president and CEO of the Footwear Distributors and Retailers of America (FDRA) said Trump's preeminent campaign promise "tapped into the American people's views on where they stand on the economy… in the sense that the president-elect committed to tamping down inflation."

Voters likely believe, as Trump has implied, that tariffs on foreign-produced goods will offset the cost of the income tax cuts he's promised to renew and expand upon taking office. Consumers will have more money in their pockets to spend on essentials including clothes and shoes—and hey, maybe American brands will finally bring some production back to the U.S. if it's too costly to do business overseas?

But footwear and apparel brands have had experience with tariffs since the Trump Section 301 duties first took effect, and their impacts have been both broad and nuanced.

American shoe companies had been steadily diversifying production away from China for years before the 2019 duties came into play, Priest said; in 2010, about 89 percent of the footwear sold in the U.S. was made in China, and now, that number is just north of 50 percent. "We've diversified significantly now," Priest said, calling the punitive duties "an accelerant that was poured on the process."

But it's been tough to quit China altogether given its unmatched production capacity and its unique ability to churn out the many parts and pieces that make up a sneaker, for example. "This is an area where the impact [of tariffs] is very company specific," the FDRA head added.

Now, the group views its job as working "in a collaborative spirit to educate the incoming administration on the impacts and seeing where we can land" on the issue of tariffs.

"Our members like certainty. There's a lot of uncertainty," he said. "There's going to be uncertainty on the cadence, the timing and the veracity of which tariffs will be implemented, along with when, how, by what mechanism," Priest said. "That all remains to be seen."

The Trump-era tariffs on products like China-made footwear have remained in place through two administrations. However, Priest is still hopeful that a new Trump cabinet featuring fresh perspectives and a new cast of characters will see the benefit of rolling back duties on products consumers need, especially after they've faced a painful period of high prices at retail.

"[Trump] is a person who is difficult to box in, and if he finds utility in doing something that he thinks that will accomplish his goals, he will do it," Priest believes—even if that choice goes against his already-stated intentions. "I think we just have to be convincing and find the right people to engage with him on it."

Priest also perceives an opportunity to work with the new Trump administration on taxes, as the president-elect has been bullish throughout his campaign about driving down the corporate tax rate.

"If our tariff burden is still going to be $4 billion a year, how do we become more competitive with the tax rate in order to find some savings that way?" is a question he anticipates unpacking. "Anytime we can provide more revenue or capital coming through our companies to employ more people or provide for investment opportunities, we're going to support that."

Should Republicans hold onto the House—after flipping the Senate and wresting control of the White House—"tax reform could move relatively easily," he predicted.

But there are other factors at play that could limit the president-elect's ability to pass his agenda—like if the Democrats gain control of the House. Congress has been a hotbed of dysfunction for some time, and one that stays divided will likely remain so. The margins of victory in both chambers will be slim no matter what, contributing to the continued rancor.

"If the Democrats take control the House, there'll be a lot more brakes on the [Trump] system," Priest said. "In a Republican-controlled house, I think it will easier, but it'll still be very tight. They're going to have to really stay unified, which I think out of the gates is easy… but as we head towards the midterms in 2026, if the president is down on approval ratings and members are concerned about their jobs, then that unity will evaporate pretty quickly."

According to Priest, “2025 will be a pivotal year” for the Republican agenda, before Congress heads into the midterms.

With the goal of bolstering and protecting domestic industry, Kim Glas, president and CEO of the National Council of Textile Organizations (NCTO) said the group is hopeful about working with the incoming administration on issues like tariffs.

“Our industry has lost 21 manufacturing facilities over the last 18 months, and we have strongly supported additional penalty tariffs to hold trade predators accountable for unfair trade practices and forced labor issues,” she said. “Our priority issues have not changed and will not change regardless of the administration. I think the urgency is even more so as we continue to lose textile operations.”

While NCTO has long supported duties on China-made consumer goods, the group supports tariff exclusions for products that the American textile sector needs to facilitate its domestic manufacturing operations. For example, the Biden-Harris Administration last month announced the launch of a Section 301 duty exclusion process for certain production machinery made in China, including spinning, knitting, weaving and sewing machines.

Glas is also cognizant about the impact global tariffs—and punitive duties on Mexico—could have on the growth of the industry’s regional supply chain.

“Our industry has a strong working relationship with our Western Hemisphere trade partners; we have a co-production chain” facilitated by the U.S., Mexico, Canada Agreement (USMCA) and the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), she said. “We hope that there’s a prioritization on countries that are chief violators of the trade environment, namely China and those who are using Chinese inputs to subsidize [their output].”

The group aims to stress the importance of maintaining the health of this burgeoning value chain while maintaining guardrails, like strong yarn-forward rules of origin, that limit China’s influence on emerging production markets.

"We also want to be mindful that putting penalty tariffs on finished textile and apparel goods while maintaining the de minimis loophole"—which allows foreign shipments worth $800 or less to enter the country duty free—"will exacerbate the problem that our industry is facing," Glas said.

China has been the primary beneficiary of de minimis, with firms like Temu and Shein relying on the trade provision as a bastion of their market strategy. "Our industry wants the Trump administration, in the first 100 days, to fully close the de minimis loophole as they're looking at potential penalty tariffs," she added.

Finally, Glas said textile industry trade group plans to push hard for an expansion of domestic procurement requirements for textiles and apparel by government agencies—a need that was thrust into the spotlight during the Covid-19 crisis when both federal and state governments leaned heavily upon the U.S. textile industry to save them from a crippling shortage of personal protective equipment (PPE).

Today, those pandemic-era contracts have expired and the industry feels that its critical contributions have been forgotten.

The government has a responsibility to back domestic industry, Glas believes, and she's out to push for reforms. The Berry Amendment, for example, which requires the Department of Defense (DoD) to prioritize the purchase of American-made goods like clothing, fabrics and footwear for service member uniforms, has demonstrated "loopholes" that Glas believes could be tightened to benefit U.S. makers.

Meanwhile, the Buy American Act, which applies to goods bought by the Department of Commerce, Department of Interior, Department of Justice, Department of Health and Human Services, Department of Veterans Affairs and more, includes a domestic content procurement preference of just 65 percent in 2024.

"Our industry really needs consistent contracts by the U.S. government," Glas said. "We are a strategic sector."

Meanwhile, representing over 200 retailers around the country, the Retail Industry Leaders Association (RILA) is urging lawmakers to work with stakeholders in the industry to mitigate the impacts of higher product prices on the nation's specialty retailers, department stores and off-price channels.

“Inflation was clearly a motivating factor in (Tuesday’s) election results, with many middle-class voters expressing deep concern about the impact inflation has had on family budgets,” said RILA president Brian Dodge on Wednesday. “Policymakers should hear their concerns loud and clear as debates on taxes and tariffs take center stage.”

Dodge said the group’s membership is hopeful that the incoming administration and Congress will “take a strategic approach to international trade, with policies that shield families from higher prices on consumer goods.”

“The retail industry is the largest private employer in the United States. Decisions made over the next four years will dictate how leading retailers operate, invest in their workforce and local communities, and drive billions in supply chain investments and economic development,” he added.

National Retail Federation president and CEO Matthew Shay was more succinct, saying that while new trade policies could stand to “increase America’s competitive advantages” in innovation and infrastructure, “the adoption of across-the-board tariffs on consumer goods and other non-strategic imports amounts to a tax on American families.”

“It will drive inflation and price increases and will result in job losses,” he asserted.

Moving forward, though, American retailers are ready to roll up their sleeves and engage with the administration to advance its priorities.

“The retail industry stands ready to work with president-elect Trump and Congress to enact tax, trade and regulatory policies that make America more competitive, increase domestic investment and create jobs,” Shay said.

Source: sourcingjournal.com– Nov 07, 2024

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Bank of England cuts rate to 4.75% to ease inflationary pressure

The Bank of England 's (BoE) monetary policy committee (MPC) has cut interest rates, voting by a majority of eight to one to reduce the base rate from 5 per cent to 4.75 per cent to ease the inflationary pressure on households and businesses.

The committee's decision reflects the continued progress in disinflation, the central bank said in a release.

There has been continued progress in disinflation, particularly as previous external shocks have abated, although remaining domestic inflationary pressures are resolving more slowly, the bank noted.

"Monetary policy has been guided by the need to squeeze remaining inflationary pressures out of the economy to achieve the 2-per cent target both in a timely manner and on a lasting basis," it said.

Consumer price index-based inflation in the country fell to 1.7 per cent in September, but is expected to increase to around 2.5 per cent by the end of the year as weakness in energy prices falls out of the annual comparison. Services consumer price inflation has declined to 4.9 per cent.

Annual private sector regular average weekly earnings growth has continued to fall but remained elevated at 4.8 per cent in the three months to August.

Headline gross domestic product (GDP) growth is expected to fall back to its recent underlying pace of around 0.25 per cent per quarter over the second half of this year.

The MPC judges that the labour market continues to loosen, although it appears relatively tight by historical standards.

The central bank said it expected the chancellor's £70-billion of additional spending backed by higher taxes and borrowing to add about 0.5 percentage points to headline inflation and 0.75 per cent to GDP.

The bank's latest forecasts expect inflation to peak at about 2.75 per cent by the middle of next year and then remain above target in 2026, until falling back in 2027—a full year longer than it had expected in its August forecasts.

Monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2 per cent target in the medium term have dissipated further, the central bank added.

Source: fibre2fashion.com– Nov 05, 2024

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$5 billion plan to boost manufacturing in Africa

Swiss leader in staple fibre yarn spinning technology Rieter is involved in a bold new plan to establish 500,000 metric tons of cotton transformation capacity in Africa in the next 3-5 years, with the creation of up to half a million new jobs.

It is partnering with Arise IIP, the pan-African developer and operator of industrial parks, and the African Export-Import Bank (Afreximbank), on the Africa Textile Renaissance Plan which aims to establish a new era of textile manufacturing in Africa.

Supported by $5 billion in financing, the plan's objectives include reducing Africa's annual textile imports and boosting its exports to the USA under the African Growth and Opportunity Act (AGOA), as well as localising machine repair expertise in Africa.

Countries benefiting from the programme will be selected based on criteria such as power and gas availability, and textile parks with standard infrastructure or equity contribution. Training centres will be established in selected countries to develop and improve skill levels.

The partnership aims to secure the financing of textile projects via standardised loan documentation and security packages, an expedited two-month application process and standardised business plan templates.

To foster long-term growth, Rieter has committed to gradually establishing a manufacturing presence in Africa subject to commercial viability, including the setup of a repair and maintenance facility in an Arise industrial park in Benin, the establishment of spare parts warehousing and the phased introduction of machine assembly operations.

"The Africa Textile Renaissance Plan represents a significant milestone in the continent's industrial development, said Gagan Gupta, CEO and founder of Arise IIP. "I'm convinced that this initiative will not only boost local manufacturing and create thousands of jobs but also position Africa as a global leader in sustainable textile production."

We are thrilled to support this important initiative with our commitment, expertise and consulting knowledge," added Rieter CEO Thomas Oetterli. "We are convinced that the Africa Textile Renaissance Plan marks an important starting point for the future development of the textile industry in Africa."

Source: innovationintextiles.com– Nov 07, 2024

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Challenging biz conditions in Australian industry broaden: Ai Group

The Australian Industry Group's (Ai Group) seasonally-adjusted industry index fell in October by 10.1 points to minus 28.8. The index has contracted for the last thirty months, pointing towards a broadening of the challenging business conditions in the industry.

All industrial activity indicators fell in the month, with employment—recently the strongest—continuing to decline in trend terms.

The input price indicator eased by 12.6 points to 34.2 in October, its lowest level since 2020, consistent with lowering of inflationary pressures. This reflects the broader unwinding of inflation.

The sales prices indicator declined, falling into negative territory at minus 5.3. This indicates that more businesses are cutting than increasing sales prices, an Ai Group release said.

The purchasing managers' index for manufacturing improved by 14 points to minus 19.7. In trend terms, the indicator has consistently stayed around minus 27 for the past three months.

Manufacturers reported lower-than-expected sales, but some faced capacity constraints due to labour shortages and tight deadlines.

Capacity utilisation dropped to 74.3 per cent on the back of weak activity and employment results.

The seasonally-adjusted activity/sales indicator slipped further in October, falling by 7.5 points to minus 32.9. The seasonally adjusted employment indicator in the industry fell by 9.6 points to minus 23.9.

On a trend basis, employment has been consistently declining across this year, while activity has stabilised. This reflects the lagged passage of lower activity into employment levels.

Most respondents reported slower sales, although some experienced a boost in activity due to seasonal promotions for summer and the holiday period.

The index for new orders fell by 13.9 points to minus 38.8 in October. In trend terms, the new orders indicator has remained steady at around minus 30 throughout 2024.

The input volumes indicator dropped by 7.9 points to fall into contraction at minus 8.7. Input volumes are highly volatile, but have been mildly negative throughout this year.

Many respondents expressed concerns about rising input costs amid weakening demand. They also noted a lack of consumer confidence and increased regulatory burdens.

The average wages indicator was steady in October, following a spike generated by the wage increase for award employees in July.

The gap between the sales and input price indicators narrowed in October. But the movement of the sales price indicator into negative territory, while inputs and wages remain strong, points to broadening margin pressure on industrial businesses.

Source: fibre2fashion.com– Nov 07, 2024

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E-commerce opens more doors for Vietnamese enterprises in EU: expert

The rise of digital economies and the growth of e-commerce present significant opportunities for Vietnamese businesses, including small and medium enterprises, to expand into the European Union market.

Since the pandemic, both consumers and companies have increasingly shifted to online practices. Việt Nam News reporter Ly Ly Cao spoke to Sita Zimpel, project director of ASEAN SME II at German International Cooperation (GIZ), to learn more about the prospects of the industry for Vietnamese businesses.

What are the opportunities for Vietnamese businesses looking to expand their cross-border e-commerce trade with the EU, and which product categories show the most export potential?

Since the onset of the pandemic, there has been a notable shift towards online practices among businesses and consumers, especially in cross-border trade. The European Union has solidified its position as the third largest e-commerce market globally, while Việt Nam stands out as the fastest-growing digital economy within the ASEAN region.

This shift presents numerous opportunities for Vietnamese businesses to engage in cross-regional trade. Platforms such as Amazon, Zalando and eBay offer tailored storefronts for each country, providing a conducive environment for selling products.

Việt Nam boasts significant potential in various export sectors, both offline and online. Products like furniture, food items, coffee, textiles and fashion hold promise for international trade ventures.

To capitalise on these opportunities, it is crucial for Vietnamese businesses to adhere to the EU's established framework and evolving legislation governing e-commerce activities.

In your opinion, what are the most difficult barriers for Vietnamese products sold through e-commerce channels to Europe?

For any business aiming to expand into a new market, addressing logistical challenges is crucial. This includes decisions on shipping providers and understanding warehousing options in both the target market and the home country.

Specifically focusing on the European e-commerce landscape, being mindful of regulatory advancements is paramount. The EU places a strong emphasis on consumer protection, ensuring that products comply with safety, quality and privacy standards.

Regulations like the General Data Protection Regulation (GDPR) are essential for Vietnamese businesses to grasp. Additionally, the introduction of the new product safety regulation this year adds further requirements for businesses.

Understanding European consumers who prioritise social responsibility, sustainability, and fairness is vital for carving out a niche and establishing a reputable brand in this market.

Consequently, thorough research and compliance with regulatory standards are imperative for businesses looking to succeed in the European market.

How does Việt Nam’s competitive position in cross-border trade compare with that of other countries in the region?

Other countries, such as Thailand, are strong competitors to Việt Nam. Thailand's emphasis on sustainability, especially in fruit processing and exports, positions them favourably. They have established eco-labelling and certifications that facilitate easier access to global markets, including the EU.

China, on the other hand, stands out as a dominant force, particularly in terms of sheer numbers and global e-commerce growth. However, there is ongoing debate among consumers and businesses about whether Chinese products comply with stringent safety, privacy and other standards.

Are there any chances for SMEs to participate in this sector?

Small companies play a crucial role in supply and value chains, as evidenced in products like sustainably sourced coconut oil and coffee, areas where Vietnamese businesses can excel. Collaboration among SMEs can enhance their market presence.

To support SMEs, there is a need for increased services, training and capacity building from the Government, private sector and larger corporations to integrate them into broader networks, supply chains and e-commerce markets.

While sustainability may not be a top priority for SMEs focused on survival, consumer perceptions of responsibility and fairness impact market longevity. The growing demand for sustainability, particularly in ASEAN's urban middle class, presents opportunities for businesses to cater to environmentally conscious consumers.

In essence, focusing on niche products related to sustainability can be a strategic move for Vietnamese businesses in this evolving landscape.

Source: vietnamnews.vn– Nov 07, 2024

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Vietnam reports US $ 2 billion trade surplus in October, lowest since May

In October, Vietnam's trade surplus was US $ 2 billion, which was less than the previous month because imports exceeded exports. Data provided by the General Statistics Office (GSO) on Wednesday showed that imports jumped 13.6 per cent year over year, while sales increased 10.1 per cent.

According to GSO, about 94 per cent of the nation's imports were raw materials for manufacturing, particularly for the expanding RMG sector, making this October surplus the lowest since May. According to Oxford Economics, the sustained demand for textiles will support export growth.

China continues to be Vietnam's top import supplier; according to the GSO, imports from China totalled US $ 92 billion by August, up 26 per cent from the same time previous year. In 2023, this amount represents almost 37 per cent of Vietnam's total imports. Vietnam's imports of Chinese textiles have increased in 2024, increasing by 12.36 per cent in the first seven months of the year compared to the same time in 2023.

Between January and October, Vietnam's imports and exports increased by 16.8 per cent and 14.9 per cent, respectively, to US $ 312.28 billion and US $ 335.59 billion of the previous year. After Bangladesh and China, Vietnam is the third-largest exporter of textiles worldwide.

Vietnam's exports of clothing and textiles rose 6.3 per cent to US $ 20.274 billion in the first seven months of 2024. Vietnam's textile and apparel exports totalled US $ 4.055 billion in August 2024, a 17.6 per cent increase from the previous year. In 2024, Vietnam also imported more yarn, cotton, and fabric. Vietnam bought US $ 1.239 billion worth of fabrics and textiles, 114,300 tonnes of yarn, and 131,400 tonnes of cotton in August 2024.

October saw a 7.0 per cent increase in industrial production as well, but a slower pace than the 10.8 per cent surge in September. According to Oxford Economics, this slowdown might be caused by Typhoon Yagi, which made landfall in September.

Source: apparelresources.com– Nov 06, 2024

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Bangladesh to amend labour law by March next year

Bangladesh has committed to amending its labour law by March next year to align it with international standards and meet the 18-point demand raised by workers in September this year.

The country made this pledge at the 352nd session of the International Labour Organization (ILO) Governing Body, held from October 28 to November 7 in Geneva, according to Labour and Employment Secretary AHM Shafiquzzaman.

"We have already begun working on fulfilling the 18-point demand we committed to the workers in September during the labour unrest in the industrial sector," Shafiquzzaman told The Daily Star yesterday over the phone from Geneva.

The secretary said nearly all the 18 demands have already been met, except for two -- amending the labour law and reviewing annual increments, as union leaders sought an annual increase more than the current 5 percent.

A tripartite committee is currently working on possible amendments to the law, including easing trade union rules and documentation requirements, he added.

The ILO Governing Body is the executive body of the ILO. It meets three times a year: in March, June and November. It takes decisions on ILO policy, sets the agenda for the International Labour Conference, adopts the draft Programme and Budget for submission to the Conference and elects the director-general, according to the ILO.

At the ILO Governing Body meeting, Law Adviser Asif Nazrul also committed to reviewing the blacklisting of workers based on biometric attendance and ending assaults and harassment of workers in the workplace, according to a statement from the office of the permanent mission of Bangladesh in Geneva.

Besides, the law adviser assured the Governing Body council members that the government has been working to resolve police cases filed against workers for their involvement in wage hike demonstrations last year, the statement added.

The Minimum Wage Board, a government regulatory agency responsible for recommending changes to the minimum wage, has also submitted a proposal to the Ministry of Labour and Employment to amend the labour law and update its provisions.

The board suggested that the ministry amend the labour law to ensure strict implementation of wage structures at factories, according to the proposal.

Wishing anonymity, an official of the board said incidents of labour unrest often take place after factory owners fail to timely implement wage structures and pay workers.

Amending the labour law is a long-overdue issue in Bangladesh. Last December, the president returned the "Bangladesh Labor (Amendment) Bill-2023" unsigned, citing the need for further amendments to certain key clauses.

International bodies like the European Union (EU), the ILO, global clothing retailers and brands, North American clothing retailers and brands, and the U.S. government have urged Bangladesh to amend the labour law, easing trade union rules, simplifying union registration and lowering the worker threshold required to form a union.

Currently, forming a union in a garment factory requires the consensus and signatures of 20 percent of workers. Union leaders and international bodies advocate lowering this threshold to 5-10 percent.

They have also called on the government to enact a uniform labour law for all workers, including those in Export Processing Zones (EPZs) and outside of EPZs.

According to labour rights activists, the current two labour laws for EPZ and non-EPZ production facilities contain discriminatory provisions and benefits for workers.

However, Bangladesh cannot implement a uniform labour law for both EPZ and non-EPZ workers, as some foreign investors in EPZs argue that they invested under the condition of excluding trade unions from EPZ factories.

In the face of Rana Plaza garment building collapse and subsequent international pressure, the government previously amended the 2006 labour law in August 2013 to ensure workplace safety and labour rights issues meet international standards.

In September 2015, the government formulated labour rules to guide the proper application of the labour law at factories.

The law was further amended in 2018, again under international pressure, to lower the worker threshold for union formation to 20 percent from 30 percent.

Source: thedailystar.net– Nov 08, 2024

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Bangladesh: Garment export to US falls 6.29% in Jan-Sep

Bangladesh's garment shipments to the US declined 6.29 percent year-on-year to $5.41 billion in the January-September period this year, according to the Office of Textiles and Apparel (OTEXA).

The US is Bangladesh's largest export destination. Currently, Bangladesh is the third-largest garment exporter to the US, after China and Vietnam. Overall, total US apparel imports have decreased by 2.47 percent to $59.32 billion.

Garment export from China to the US declined by 1.95 percent to $12.50 billion, while that from Indonesia by 4.11 percent to $3.16 billion.

However, several countries showed growth in apparel export to the US, including Vietnam (1.27 percent to $11.21 billion), Cambodia (7.15 percent to $2.78 billion), and Pakistan (2.41 to $1.58 billion).

Apparel shipment from India also increased in January-September period at 0.46 percent to $3.63 billion, said the data.

Source: thedailystar.net– Nov 08, 2024

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Bangladesh Garment Worker Unrest 'Likely to Continue' Through Early December

Garment worker protests that cause traffic disruptions and result in intermittent factory closures in Bangladesh's industrial hubs are "likely to continue" into at least mid-November, if not through early December, a risk-analysis firm warned this week.

The protests, which have at times turned violent with the involvement of armed police, have come in waves since September. At least two people have died during standoffs with security forces. On Thursday, two teenagers were shot and wounded in the Mirpur area of Dhaka during a demonstration over a factory's sudden closure. Two vehicles were also set on fire during the rally, which was attended by a thousand workers, not all of them employed by that particular facility. Authorities have filed a criminal complaint against 500 unnamed workers, according to local media.

Things may get worse before they get better, said Crisis24. Already, dozens of factories in Ashulia, Gazipur, Savar and others have suspended operations over the past week as tensions over wages appear to have reached a boiling point. Tusuka Group revealed, through notices that it pinned on its factory gates, that it will be shuttering plants such as Tusuka Denim, Tusuka Trousers and Tusuka Jeans "to protect lives and property" for the indefinite future. They produce clothing for major retailers such as Marks & Spencer and Next. Tusuka Group did not respond to an email seeking comment.

"Additional gatherings of varying types, including strikes and road blockades, remain possible over the coming weeks," Crisis24 wrote in a note. "Potential rally sites include factories, government buildings, sports fields, public squares, and thoroughfares. Well-attended demonstrations will likely draw hundreds to thousands of participants."

The reason for the resurgence in activity after a brief lull where tempers appeared to have cooled is unclear. It was only in September that the interim government, members of the Bangladesh Garment Manufacturers and Exporters Association and union leaders reached an accord on a list of 18 demands, such as increasing certain allowances, engaging in non-discriminatory hiring of male versus female workers, dropping the blanket arrest warrants that stemmed from last year's minimum wage protests, and agreeing to revisit the issue of compensation. The trade group better known as the BGMEA is also going through its own travails following the state-ordered dissolution of its board of directors. A “support committee” is now assisting administrator Md. Anwar Hossain in fulfilling the BGMEA’s duties until fresh elections can take place. The BGMEA did not return a request for comment.

The uncertainty that hangs over Bangladesh’s tentpole sector, which is responsible for nearly 85 percent of the nation’s $55 billion in annual exports, could prove damaging in the long term, especially if brands choose to look elsewhere for less tempestuous sourcing partners. Crisis24 says that associated transport and business disruptions, including shipping delays, are a likely consequence of the ongoing turbulence. Additional security incidents, such as clashes between workers and police, are also possible as security forces resort to using baton charges and tear gas to disperse unruly crowds.

The interim government, local authorities and the BGMEA need to identify the source of the ongoing tumult, whether it comes from without, as many have blamed, or within, said Md. Rafiqul Islam Rana, an assistant professor of retail at the University of North Carolina. He said there needs to be meaningful dialogue between factory owners and labor leaders. Although many of the 18 demands have been met, Rana added, they need to provide a roadmap for addressing wages and working conditions.

“Closing factories with thousands of workers will create more social anxiety, as people’s livelihoods depend on them,” he said. “A resolution needs to be reached soon so that factories can become operational again, [otherwise] foreign buyers, although they have shown great support amidst the ongoing political turmoil in Bangladesh, will look for a more stable sourcing destination” Rana noted that India has already benefited from the circumstances in Bangladesh and “has seen gains in its export share.”

Meanwhile, the labor unrest mirrors broader disquiet elsewhere in Bangladesh. Student groups have held occasional rallies to demand President Mohammed Shahabuddin’s resignation and activists have tried to break into the presidential residence in Dhaka. The ousted Awami League, Crisis24 said, could hold intermittent demonstrations to demand Hasina’s return to office. Minority groups, such as Hindus, have also staged demonstrations following targeted attacks at their homes, businesses and places of worship.

“Further altercations are likely in other parts of Bangladesh over the coming days,” Crisis24 said. “Future demonstrations will likely attract large crowds, especially near transportation hubs, public squares, and major intersections. Business operations, ground transport and flight services remain vulnerable to disruptions on short notice in the event of significant violence.”

Source: sourcingjournal.com– Nov 07, 2024

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NATIONAL NEWS

India-UK FTA talks enter slow lane as both countries step cautiously

Negotiations for the proposed India-UK Free Trade Agreement (FTA) may have entered the slow lane with the UK's new labour party "more focused" on protecting the interests of its domestic constituency and India, too, weighing its commitments more carefully, sources said.

"Unlike the previous two Diwalis, this year there has not been much talk about Diwali deadlines to conclude the India-UK FTA. The sense of urgency has clearly dissipated with the new Labour government in the UK more focused on protecting its workers, spurring economic activity and keeping inflation low. While engagements on the FTA are on, an end is not in sight immediately," an official close to the development told businessline.

India too is strategising more on its future FTAs, and an active exercise is underway to learn from the experiences and mistakes of past pacts to negotiate future ones more effectively.

"India is fully engaged with the UK on the proposed FTA. But commitments will only be taken when there is absolute clarity about what it could entail in the future and that we are getting commensurate benefits," another source said.

There were hopes that the FTA could be forged this year, but clearly the negotiations are likely to spill over into 2025 and strong determination from both sides would be needed for its conclusion, the source added.

The India-UK FTA talks, aimed at doubling bilateral trade to $100 billion by 2030, were started under the Conservative government in January 2022. Since the pact has bipartisan support, the Labour government, led by Prime Minister Keir Starmer, which swept to power in the UK in July this year after a decade, has also expressed its keenness for the pact.

"Our Free Trade Agreement negotiations are the floor, not the ceiling, of our ambitions to unlock our shared potential and deliver growth, from Bengaluru to Birmingham. We have shared interests on the green transition, new technologies, economic security and global security," UK

Foreign Secretary David Lammy had said ahead of his India visit in July this year.

But the focus of the new UK government on accelerating economic activity, increasing revenue earnings and inflation control in the unstable global environment, as reflected in its latest Budget, has made it more focused on potential job losses and a decline in manufacturing activity due to FTAs giving more market access to partner countries, the official said.

“Till the UK government is convinced that its market gains in India will be substantial and it can convince its domestic constituency of the potential benefits, it seems difficult for a consensus to be reached on difficult issues holding back the agreement,” the official added.

The UK had been asking India for commitments to bring down duties steeply in sectors such as Scotch and automobiles, where import duties in India are as high as 150 per cent and 100 per cent (70 per cent for vehicles below $40,000), respectively. It also wants the liberalisation of financial and legal services, as well as stronger IPR rules, to provide additional protection to pharmaceutical majors.

India, on the other hand, wants easier work visa norms for its professionals, which London is not ready to commit to.

“While both sides are optimistic about bilateral trade doubling to $100 billion by 2030 if the FTA is implemented soon, neither seems to be ready to make the kind of compromises required to give the pact a final push at the moment,” he said.

Source: thehindubusinessline.com– Nov 07, 2024

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India should join China-backed Asian trade bloc it rejected years back, NITI Aayog CEO says

India should join the Regional Comprehensive Economic Partnership (RCEP), a top official at a government think tank said on Thursday, years after the country decided to walk out of the China-backed Asian trade bloc.

The RCEP is the world's largest trade bloc backed by China and groups 15 Asia-Pacific economies, including Australia, Japan, New Zealand and the 10 member-states of the Association of Southeast Asian Nations (ASEAN). In 2019, India decided to not join the bloc, on the grounds that the deal would hurt its farmers, businesses, workers and consumers.

"India should be a part of RCEP and CPTPP and become a member," said B V R Subrahmanyam, the CEO of NITI Aayog, a public policy think tank for the government. He said that joining the trade blocs will help India boost its manufacturing base and exports by small and medium firms that constitute 40% of the country's exports.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a free trade agreement between 11 countries including Australia, Canada, Chile, Japan, Malaysia, Mexico, New Zealand and Singapore.

The CPTPP was signed by the countries in March 2018 and went into effect in December that year. He also said India has not benefited much from global companies' efforts to build factories outside China because of India's high tariffs.

In recent years, many companies have adopted a "China Plus One" strategy to build new manufacturing units outside the People's Republic. "I don't think we have captured the China plus one opportunity as much as we could have," he said.

"Countries like Vietnam, Indonesia, Malaysia, Turkey, Mexico, have probably benefited more from China plus one than we have." India's goods exports during April-September 2024 rose by 1.02% from a year earlier to $213.22 billion.

Source: economictimes.com– Nov 07, 2024

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T.N. Government will hold biannual reverse buyer-seller meets to boost exports, says Minister Anbarasan in Coimbatore

The Tamil Nadu Government will conduct reverse buyer-seller meets in major cities every six months, said T.M. Anbarasan, the State's Minister for MSMEs.

Inaugurating a two-day reverse buyer-seller meet organised by FaMe TN in Coimbatore on Thursday, the Minister announced that a large-scale meet will be held in Chennai next year, with additional meets planned in cities like Tiruchi, Madurai, and Tirunelveli to support MSMEs in accessing international markets. The first such meeting, held in Chennai, saw 164 MSMEs signing agreements for orders worth ₹42.68 crore, including ₹16.45 crore secured by 73 first-time exporters.

The government has allocated ₹5.97 crore to support these meets and additionally aids MSMEs in attending international expos, with ₹5 crore disbursed to 250 MSMEs over the last three years. Exports in sectors such as electric vehicles, EV batteries, petrochemicals, and aerospace are on the rise in Tamil Nadu, which is establishing export centres in cities including Tiruppur, Coimbatore, and Madurai.

The Coimbatore meet on November 7 and 8 saw the participation of 28 buyers from 14 countries, including Japan and Germany, alongside over 250 MSMEs from across the State. Nationally, MSMEs contribute 42% of exports and 30% of domestic manufacturing, with Tamil Nadu's 28.42 lakh registered MSMEs employing two crore people. Over 5,000 MSMEs signed agreements with the government to invest ₹63,773 crore during the Global Investors Meet, he added.

Source: thehindu.com– Nov 07, 2024

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Textile sector hopeful after Trump presidential victory

The textile and chemical sectors are expecting a spike in exports to the US in the coming years following Donald Trump's win in the US presidential election. Industry analysts predict that the Trump administration would make cutting Chinese imports a top priority, which might help Indian exporters. This spark of hope has been felt across the textile industry in India, especially in a state like Gujarat which is a hub for textiles in India.

India's chemical exports to the United States, which is the largest importer of Indian chemicals, totalled US $ 2,863 million in 2023–2024, a 26 per cent drop from US $ 3,853 million in 2022–2023, according to data from Chemexcil. Industry leaders anticipate that India will outperform China in the market, even though Trump's "America First" strategy may result in higher tariffs on Indian goods.

"Gujarat has about a 70 per cent share in India's dye manufacturing, with the US being the largest market" said Ankit Patel, chairman of Chemexcil's northern area. "We think Gujarat's chemicals industry will gain a great deal from the Trump administration's decision to forgo imports from China. In order to expand our position in the global supply chain, we also anticipate further technology transfers from US businesses."

Additionally, the textile industry expects home textile sales to the US to increase. The Gujarat Chamber of Commerce and Industry's (GCCI) Textile Taskforce co-chairman Rahul Shah stated, "Indian textile exports will gain from Trump's victory, particularly as many US businesses will establish offices in India rather than China."

It has been observed that Trump's election will strengthen the US dollar, making it more competitive in international markets and increasing India's market share in the global textile and chemical industries.

However, experts have also noted that Trump's protectionist policies, which prioritise lowering imports and boosting American industry, may present difficulties for India. Indian garments may become less competitive in the US market as a result of higher tariffs and trade restrictions, especially if the US Government decides to impose tougher trade restrictions in an effort to defend home industries.

Yet it has been felt that there is a potential upside. India may benefit from Trump's persistent efforts to confront China, its strategic rival. Since China is the main focus of American trade restrictions and tariffs, American businesses may look to India as a more stable and dependable option for sourcing garments.

Source: apparelresources.com– Nov 07, 2024

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CITI, Fair Wear Foundation drive EU compliance for Indian Textile Exporters

In a major step towards sustainable trade, the Confederation of Indian Textile Industry (CITI) and the Fair Wear Foundation have launched a program to assist Indian textile exporters in meeting the European Union's Corporate Sustainability Due Diligence Directive (CSDDD). Enacted in May 2024, this directive mandates rigorous human rights and environmental due diligence across global supply chains.

CITI recently held its third workshop, 'Advancing Sustainable and Responsible Business Practices,' in Mumbai, where industry leaders discussed compliance strategies for the CSDDD, chemical regulations, and human rights due diligence. CITI Secretary General Chandrima Chatterjee highlighted the significance of the CSDDD for Indian exporters, emphasizing the need to integrate with global sustainability frameworks to maintain competitiveness.

Siddhartha Rajagopal, Executive Director of TEXPROCIL, noted the shift from voluntary sustainability to mandatory compliance, underscoring the benefits of aligning with global standards. Mousumi Sarangi, India Country Manager for Fair Wear Foundation, urged companies to view compliance as a proactive strategy to improve working conditions, blending profitability with accountability.

Insights were also shared by Annabel Meurs, Associate Director at Fair Wear Foundation, on navigating CSDDD complexities, and Drashti Patel, Regulatory Manager at Global Product Compliance, who addressed the importance of chemical compliance and transparency.

The event, supported by TEXPROCIL and AEPC, concluded with an interactive Q&A session, reinforcing CITI's role in steering India's textile industry towards responsible, sustainable growth.

Source: fashionatingworld.com– Nov 07, 2024

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India could face trade skirmishes under Trump 2.0 offset by China+1 strategy

Indian industries with exposure to the US market, including steel, textiles, commodities and Information Technology could see short-term disruptions as Donald Trump implements his political promise of putting "America First".

However, these headwinds are likely to be more than offset by the medium-term benefit to India from supply chain relocation, as de-risking from China strategy gains further momentum under Trump 2.0.

Tariff battles

India and the US continue to engage in frequent trade skirmishes on tariffs and market access issues, with President Trump calling India a "tariff king". Under Trump 1.0, India was part of the group of countries that fell foul to the US' national security tariffs on steel and aluminium exports in 2018. But India is better prepared today, having taken many export-friendly decisions in the last few years, from 'PLI' to 'Make In India' and from tax holidays to the semiconductors programme. The new Trump administration may also look to take punitive steps against trading partners deemed to be artificially weakening their currencies.

"These short-term disruptions are likely to be more than offset by the medium-term benefit to India from supply chain relocation, as de-risking from China strategy gains further momentum under Trump 2.0. Our analysis shows that India remains at the forefront of the global value chains shifting away from China, owing to its large domestic consumer market, reforms momentum and the policy focus on domestic manufacturing," Nomura said in a report.

Trade opportunity

Sabyasachi Ray, Executive Director, Gem and Jewellery Export Promotion Council said Trump's victory marks a new chapter in global trade dynamics, and GJEPC sees it as an opportunity to deepen the long-standing ties between India and the US. "We are optimistic that his campaign promise of a stabilized geopolitical landscape and a stronger US economy will help in solving the supply chain disruption," he said.

Siddhartha Rajagopal, ED, the Cotton Textiles Export Promotion Council said textile exports from India will remain stable and the US will continue to remain the largest market for textiles and clothing from India. “No major change is foreseen in textiles and exports will continue to grow. Market access issues may come up in other sectors but not in textiles,” he added.

Visa impact

India could be adversely affected by tighter immigration policies. Indian nationals received the highest number of work visas (H-1B visas) from the US, accounting for over 72 per cent of the visas issued in FY23. But experts believe Indian IT companies have advanced in-service delivery and hiring local talent thus reducing H1B visa dependence.

Donald Trump’s comeback is seen as a positive for India’s agricultural trade. Exports of India’s agri and marine products like shrimp are set to gain in the days ahead. US agricultural producers will be looking for opportunities to tap the growing demand for imported food and agricultural products in India.

Experts, however, cautioned that India may need to watch out for stiffer action on the tariff front as “reciprocal tariffs” against Indian goods have been one of Trump’s prominent election pitches.

Overall, there is a general bipartisan consensus in the US about deepening relations with India due to their own strategic global objectives, pointed out Anil Trigunayat, a former diplomat. “Given India’s economic and democratic and demographic heft and strategic autonomy in foreign and security policy, even though reluctantly acknowledged, is seen as useful in their geo-political and geo-economic considerations hence despite occasional blips and irritants US-India relations will move apace,” he said.

Source: thehindubusinessline.com– Nov 06, 2024

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