INFORMATION BUREAU OF TEXPROCIL
Engineering Centre, 5th Floor, Shrimad Rajachandraji Marg, Mumbai 400 004. Maharashtra, India
W: www.texprocil.org T: +91-22 4944 4000/2363 2910 to 12.

IBTEX No. 178 of 2024 November 13, 2024

Currency Watch			
USD	EUR	GBP	JPY
84.40	89.53	107.48	0.54

NATIONAL NEWS	
No	**Topics**
1	Russia committed on signing free trade pact between India and EAEU, says Manturov
2	Ministry of Textiles approves 12 research projects worth INR 13 Crores under the National Technical Textiles Mission
3	PMO launches new maritime strategy, to infuse funds into port sector
4	India should reconsider its rejection of the RCEP trade bloc
5	Budget 2025: Nirmala Sitharaman to meet state FMs for pre-Budget, GST Council meet on Dec 21-22
6	India may see FDI trends shift in Trump's second presidential term
7	Where next for Asian economies? Clearsighted reforms key for durable growth
8	India's political stability helping apparel export, says US trade report
9	Good potential for cosmetic, textile, food processing sectors in Andhra Pradesh: South Korean diplomat
10	CCI opens 21 centres in MP to procure cotton

INTERNATIONAL NEWS

Goldman Sachs downgrades forecast for 2025 eurozone GDP growth to 0.8%

Investment bank Goldman Sachs recently lowered its forecast for eurozone gross domestic product (GDP) growth next year to 0.8 per cent from 1.1 per cent. The same for 2026 has been lowered to 1 per cent compared to the previous forecast of 1.1 per cent.

Europe's economy will be hit by the return of Donald Trump as US president, due to the likelihood of new trade tensions with the United States, pressure to raise defense spending and a blow to business confidence due to higher geopolitical risks, Goldman Sachs experts believe.

European companies may also face tariffs, and the impact of trade uncertainty could cause a larger economic hit than the tariffs themselves, according to Goldman Sachs Research.

A team of Goldman Sachs strategists wrote in in a recent note that Trump's proposed across-the-board tariffs are a clear risk to European exports, though he is expected to impose a more limited set of tariffs on economies, targeting primarily auto exports.

Source: fibre2fashion.com– Nov 12, 2024

HOME

****

Luxury brands grapple with growing inventory glut

A quiet crisis is brewing behind the gleaming facades of luxury fashion houses. While shoppers clamor for the latest It-bag or limited-edition sneakers, brands are discreetly wrestling with a growing mountain of unsold inventory. This excess stock, a by product of shifting consumer trends, economic uncertainty, and overproduction, presents a unique challenge for an industry built on exclusivity and aspiration.

A billion euro problem

The numbers are staggering. As per Business of Fashion (BoF), the combined unsold inventory of luxury giants Kering (Gucci, Saint Laurent) and LVMH (Louis Vuitton, Dior) has more than doubled between 2014 and 2023, reaching a worrisome €4.7 billion. This rise in unsold goods is a significant challenge for brands built on an image of scarcity and desirability. “Excess inventory is the antithesis of luxury," says Luca Solca, senior research analyst at Bernstein. "It erodes brand equity and can lead to discounting, which further damages the perception of exclusivity."

Table: The unsold luxury burden

Company	Unsold inventory (2023)	% of revenue
LVMH	€3.2 billion	4%
Kering	€1.5 billion	8%
Total (LVMH & Kering)	€4.7 billion	N/A

Source: Business of Fashion

These figures, show doubling of unsold inventory since 2014 for these luxury giants, paint a stark picture.

The problem extends beyond finished products to include raw materials and semi-finished goods, tying up valuable capital and creating logistical headaches.

Why the excess?

There are several reasons for this growing surplus.

• The fickle xonsumer: Luxury shoppers, particularly younger generations, are increasingly influenced by social media trends and micro-seasons, leading to shorter product lifecycles and unpredictable demand.

• Economic headwinds: Global economic uncertainty, including inflation and recessionary fears, has dampened consumer spending, even among high-net-worth individuals.

• Overproduction: In a bid to meet anticipated demand and maintain exclusivity, brands often overestimate production, leading to excess stock when sales fall short.

• Supply chain disruptions: The lingering effects of the pandemic, coupled with geopolitical instability, have created supply chain bottlenecks, leading to delayed deliveries and mismatched inventory.

"The challenge is to anticipate demand accurately in a rapidly changing market," says Solca. "Luxury brands are walking a tightrope between maintaining exclusivity and managing inventory effectively." Many brands have faced issues with surplus. In 2018, Burberry faced intense criticism for burning millions of pounds worth of unsold goods. While the brand claimed this was done to protect intellectual property and prevent counterfeiting, the incident highlighted the ethical and environmental concerns surrounding excess inventory. Since then, Burberry and other luxury brands have pledged to find more sustainable solutions.

Strategic responses

To deal with the problem, luxury brands are exploring various strategies to address this challenge, each with its own set of considerations. Some are opting for discreet price reductions through private sales or outlet stores help move excess inventory without overtly impacting brand image. Also, repurposing unsold materials and products into new designs or limited-edition collections minimizes waste and adds a sustainable element. Most of them are investing in advanced analytics and AI-powered tools to better predict demand and optimize production. And partnering with luxury consignment platforms or launching in-house resale programs to tap into the growing secondhand market is another way out for brand.

Many luxury brands are exploring various strategies to manage their unsold inventory. Moves like discreet sales and private shopping events for VIP clients; offloading excess stock at discounted prices in dedicated outlets, often located far from flagship stores; donating unsold items to charities or repurposing them for other uses are some of these.

Despite these moves, luxury brands face significant challenges. For them maintaining brand image is crucial as discounting or donating goods can dilute brand value and exclusivity. Also they have to cope with the production and disposal of unsold goods that contribute to environmental problems like waste and pollution. Destroying unsold goods raises ethical questions about waste and resource consumption.

Indeed, the growing inventory glut is a wake-up call for the luxury industry. Brands need to find a balance between meeting demand and preserving their image of exclusivity. This will require a shift towards more sustainable practices, including responsible production, innovative recycling solutions, and a greater focus on customer relationships. “The future of luxury lies in creating timeless pieces that customers will cherish for years to come," says Claudia D'Arpizio, a partner at Bain & Company. "This means moving away from the relentless pursuit of newness and embracing a more circular approach to fashion."

Source: fashionatingworld.com– Nov 12, 2024

HOME

****

High container rate volatility to enter 5th year in a row: Drewry

Drewry data shows there have now been four or five years of huge ocean freight rate volatility and the UK-based maritime research consultancy has cautioned its shipper, forwarder and carrier customers to expect little change in 2025, likely the fifth consecutive year of high volatility.

Drewry, which tracks both ocean contract rates and spot rates, found that average freight rates on the major East-West routes decreased by about 60 per cent in 2023 and are expected to have risen by about 20 per cent in 2024 year on year (YoY).

"Our forecast model for the main scenario of expected US port strikes in Q1 2025 shows that ocean contract rates on routes to the US will rise in 2025, despite the addition of substantial new ship capacity. We also anticipate that spot rates on East-West routes will decline in the second half of 2025," an article on the company's website noted.

This year, rates in the spot market appeared to have peaked in July and saw three months of rapid decline, but started rising again in late October.

In the contract market, according to shipper/members of Drewry Benchmarking Club, exporters and importers have had to battle with carriers about requests to accept Red Sea and peak season surcharges.

Shippers need to be aware that the shipping industry will continue to be disrupted and that there are risks and a need for contingency plans and active vendor management, cautions Drewry.

Resilience will require a different way of vetting, selecting and working with ocean carriers or third-party logistics providers and greater attention to assessing and responding to geopolitical risks, it noted.

Source: fibre2fashion.com– Nov 13, 2024

HOME

****

Monthly Cotton Economic Letter: November 2024

Recent Price Movement

Cotton benchmarks either decreased slightly or traded sideways over the past month.

- Recent movement in the December NY/ICE futures contract appears to be reinforcing the trading range between 67 and 75 cents/lb that has persisted since June. After testing values closer to the higher end of the range in late September, prices migrated lower. Around the start of November, prices were slightly below 70 cents/lb but have since recovered to their current value near 71 cents/lb.
- The A Index decreased marginally, from 85 to 83 cents/lb, over the past month.
- The Chinese Cotton Index (CC Index 3128B) slipped from 101 to 97 cents/lb. In domestic terms, prices fell from 15,700 to 15,300 RMB/ton. The RMB weakened slightly against the dollar, from 7.05 to 7.16 RMB/USD.
- Indian spot prices (Shankar-6 quality) decreased from 87 to 83 cents/lb. In domestic terms, values fell from 57,400 to 55,100 INR/candy. The INR held near 84 INR/USD.
- Pakistani spot prices were generally stable around 80 cents/lb over the past month. In domestic terms, values traded between 18,200 and 17,600 PKR/maund. Current prices are 18,000 PKR/maund. The PKR was steady at around 278 PKR/USD.

Supply, Demand & Trade

The latest USDA report featured small revisions to estimates for global production (-460,000 bales to 116.2 million) and mill use (-515,000 bales to 115.2 million). Changes to historical figures lowered 2024/25 beginning stocks -609,000 bales (to 74.6 million).

The net result of these changes was a -574,000 bale reduction to the forecast for 2024/25 ending stocks (to 75.8 million). The current projection still ranks among the highest levels of global warehoused supply outside of 2019/20 (crop year most affected by Covid-19) and the crop years when China had extreme levels of supply in its reserve system (2012/13-2015/16).

At the country level, the largest changes to production figures included those for Pakistan (-200,000 bales to 5.5 million) and Turkmenistan (-100,000 bales to 800,000).

For mill use, the largest revisions were for Turkey (-400,000 bales to 7.1 million) and Pakistan (-100,000 bales to 9.5 million).

The global trade forecast was reduced -325,000 bales to 42.2 million. In terms of imports, the only notable change was for Turkey (-400,000 bales to 4.3 million). For exports, the only notable change was for the U.S. (-200,000 bales to 11.3 million).

Price Outlook

A definitive result in the U.S. presidential election removed a considerable source of uncertainty from markets. Alongside a new Trump presidency, there have been new promises of tariff increases, which suggest a new round of adaptations for global supply chains.

Policies voiced by Trump for his second term include raising tariffs on goods sourced from all locations and potentially raising tariffs on goods sourced from China to as much as 60 percent. With Trump not taking office until January, the timing for the potential implementation of any tariff increases remains unknown. However, the threat of higher sourcing costs may prompt retailers and brands to pull orders ahead to secure inventory before tariffs can rise. Over the longer-term, higher sourcing costs resulting from higher tariffs may create a headwind for order placement.

While these sourcing questions are focused on downstream segments of the global textile industry, there are important questions that loom over the fiber market. In the first round of tariff increases (began in 2018, two years after Trump initially took office), there was consistent retaliation from China. U.S. cotton was included on the first list of goods hit by higher tariffs from the Chinese side. Much remains unknown about the trajectory of trade policies, but the past could suggest that China may again move to target U.S. cotton if the U.S. goes through with proposed changes to tariffs.

Relative to import needs, China has options. It expanded its government reserves last crop year and has an ability to leverage its reserve supply in 2024/25 and beyond. In addition, a record exportable supply is projected from major cotton exporters this crop year. Brazil is forecast to collect another record crop, while Australia and West Africa are projected to have substantial harvests. Despite dry conditions in West Texas and Hurricane Helene, U.S. output is expected to be more than 2 million bales higher than last crop year. The combined volume of exportable cotton in 2024/25 has been a factor contributing to downward pressure on cotton prices.

Meanwhile, there has been a persistently sluggish demand environment that has existed since the second half of 2022, soon after the global surge in inflation and increases in interest rates. More recently, there has been a pivot in central bank policy. Interest rates were lowered again by the Federal Reserve after its meeting on Nov. 7. Other central banks have also lowered rates in recent months.

While these rate cuts are more favorable for economic growth, interest rates remain far higher than they were during stimulative periods after the financial crisis and after Covid. As a result, these decreases should be interpreted as releasing some pressure on economic brakes rather than boosting economic growth.

In contrast, China recently announced a $1.4 trillion package to support the economy. A dominant feature of the program was a set of measures to bolster local government finances.

It remains unclear whether this will be sufficient to shore up consumer confidence and spending. There is speculation that additional support may be released if the trade dispute flares. In the meantime, the world's textile supply chain is still waiting for the emergence of a source of consumer demand to pull order placement higher.

Source: sourcingjournal.com– Nov 13, 2024

HOME

****

US freight shipments drop 21.2% in soft trucking market: U.S. Bank

Despite some optimism that the US truck freight market would begin to recover from continued downward pressure during the third quarter (Q3) this year, U.S. Bank national freight metrics showed challenges remain for motor carriers with both shipments and spending softer during the quarter.

While there are positive signs for the freight market, these results are an indication that any recovery will be slow, according to the US Bank Freight Payment Index, a quarterly publication representing freight shipping and spend volumes on national and regional levels in the United States.

The largest reductions in truck freight volumes were during the second half of 2023 and Q1 2024, with an average drop in shipments of 7.4 per cent quarter-on-quarter (QoQ).

The sequential declines continued in Q3, with the U.S. Bank national shipments index decreasing by 1.9 per cent after a 2.2-per cent drop in Q2. This was a much slower decline than late last year and earlier this year, and the ninth consecutive decrease.

Compared with a year ago, shipments were off 21.2 per cent, one of the largest drops on record. The slowing rate of decrease over the last year suggests that the bottom in the freight market is near.

A bright spot for freight was retail sales during Q3 2024. Excluding auto dealerships, gasoline stations, and restaurant sales, which gets closer to traditional retailers, sales rose by nearly 2.5 per cent QoQ and by more than 4 per cent year on year (YoY).

Regionally, Q3 2024 saw some stark differences in the amount of truck freight. Two regions, the Midwest and West, saw modest gains over second quarter shipment volumes, while the Northeast, Southeast and Southwest witnessed declines from the previous quarter.

As with the national shipments index, most regions saw very large decreases in volumes late last year and early this year, which makes YoY comparisons difficult. However, all regions recorded double-digit YoY drops in shipments in Q3 2024, with the largest (minus 28.6) in the Southwest.

The Northeast and Southeast regions also saw declines of greater than 23 per cent over the same period.

Spending by shippers was universally down compared with a year earlier in all the regions, but compared with Q2 2024, it rose slightly in the Southwest (0.1 per cent), and more significantly (4.4 per cent) in the West.

The interesting regional and national trend was that shipper spend was generally down on a YoY basis on the same or lower number of shipments.

The average price of diesel fuel was off during the same period, which could account for lower spend and suggests that freight rates didn't erode further during the third quarter.

Many factors can influence spend per shipment, including average length of haul, but based on the U.S. Bank data and anecdotal American Trucking Associations reports, it is likely that freight rates hit bottom in most regions.

Source: fibre2fashion.com– Nov 13, 2024

HOME

****

Cambodia overtakes Sri Lanka in apparel exports

Sri Lanka's Joint Apparel Association Forum (JAAF) recently said that the country's apparel export industry has now fallen behind relative latecomers such as Cambodia in terms of total apparel export output, despite Sri Lanka's traditional strength in the garments, textiles and footwear (GFT) trade in recent decades.

The reason for Sri Lanka's declining apparel export strength, and Cambodia's recent increases, lies in the two government's investment policy decisions in recent years, suggest industry commentators.

Sri Lanka's JAAF recently noted that total apparel exports for the country were expected to reach a value of $5 billion in 2024.

However, to reach national industry targets of $8 billion output in 2025, the association called for state policy consistency to better support growth in the apparel industry.

JAAF said that inconsistent government policies were a primary reason why Sri Lanka has now fallen behind latecomers such as Cambodia in terms of total apparel export value.

In comparison, Cambodia earned nearly $9 billion from the export of textile products to international markets during the first three quarters of 2024, marking an increase of nearly 25 percent compared to the same period in 2023, according to data from Cambodia's General Department of Customs and Excise (GDCE).

The JAAF noted that due to inconsistent policies, Sri Lanka has not attracted any large-scale foreign direct investment (FDI) in the apparel sector since the late 1990s.

JAAF Deputy Chairman and Omega Line Managing Director, Felix Fernando, speaking at the recent South Asian Apparel Leadership Forum during the Colombo Design Festival, said "We need the government's support to keep policies consistent. Moving from $5 billion to $8 billion will require more markets and more investments."

Fernando also stressed the importance of free trade agreements (FTA) in attracting new investments and expanding exports for Sri Lanka.

"There's been a back-and-forth approach in government policies on FTAs over the past two decades," he said, urging Sri Lanka to explore new trade pacts with India, China, Japan, Australia, Canada and South Korea in order to restimulate the apparel sector.

Meanwhile, he noted that a key factor in Vietnam's huge success in bolstering their apparel exports industry in recent periods is that they secured numerous FTAs, which allowed global buyers to enjoy significant duty concessions.

"If we establish similar FTAs," he said, referring to Sri Lankan policy, "investors won't need tax holidays."

While Sri Lanka has faced a downturn in the apparel industry in recent years, other major garment and textile manufacturing countries including Cambodia, Indonesia, Malaysia, Myanmar, Thailand and Vietnam have all increased textile and clothing exports significantly since the end of restrictions due to the covid-19 pandemic.

Cambodia has a significant textiles and clothing industry and is now the sixth largest garment exporter to both the US and Europe, noted the Innovation in Textiles report.

Cambodia's apparel sector is now ripe for expansion, according to the report, and in 2023 Cambodia's government launched the 'Industrial Transformation Map' to further encourage investments in modern technology, technology transfer and skills training.

Wilson Teo, president of the Singapore Fashion Council, said that the efficiency of the apparel industry across South East Asia is improving more and more, and increasingly luring global investors.

"The member countries of ASEAN have collectively established a vertical and integrated supply chain with the flexibility to address different sourcing needs in terms of quantity or product type, from basic to high-end," said Teo

"Production in ASEAN is competitive in terms of cost and competency, with a developed infrastructure supporting resilient and agile services," he added.

Alongside boosts in output for the region, sustainability has become a priority for many ASEAN companies, he added, not just in terms of regulatory compliance but also in response to demands from the brands and a growing environmental awareness among consumers.

Increasingly, the region's manufacturers are selecting eco-friendly or responsibly sourced materials, reducing their water and energy consumption, minimising waste and implementing recycling and upcycling initiatives, he detailed.

Heavy investment in new waste-water treatment and clean and renewable energy systems is also notable in the region, he added, suggesting sustainable growth will be maintained in years to come.

"All of these initiatives not only make economic sense but also demonstrate responsible production," Teo said.

"In addition, ASEAN textile manufacturers are increasingly focused on providing transparency and traceability throughout the supply chain," added Teo.

According to Teo, Cambodia and other apparel manufacturing nation's within ASEAN have benefited from the greater adoption of advanced machinery, automation and digitalisation, as well as closer collaboration between manufacturers and brands that includes joint research and development efforts, sharing best practices and working together to establish and meet sustainability targets and standards.

The Singapore-headquartered Ghim Li company, for instance, has fully vertical textile production at its mill in Malaysia, and cut-and-sew garment operations in Cambodia, Indonesia, Malaysia and Vietnam.

In 2023, this integrated network shipped 28 million garments globally, achieving annual sales of $116.4 million.

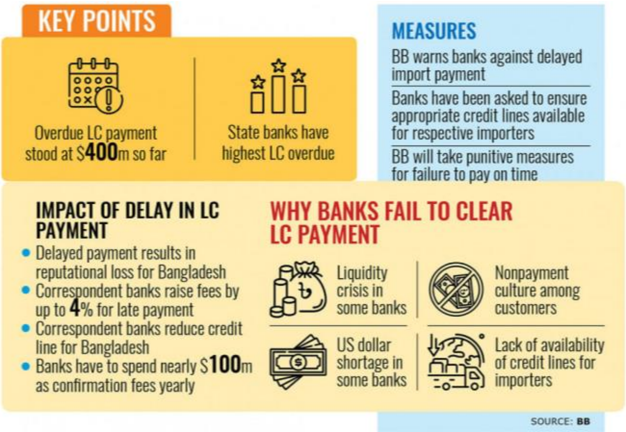
Source: khmertimeskh.com– Nov 13, 2024

HOME

****

Import payment delay a reputational loss for Bangladesh: BB

In the notice issued yesterday, the Bangladesh Bank (BB) said delays and defaults on import payments damage Bangladesh's image on the international stage and push up import costs, eventually weighing on people who are struggling under persistent price pressures.



The overdue letter of credit (LC) payments stand at $400 million so far, with state-run banks having the highest overdue LC payments, central bank officials on condition of anonymity told The Daily Star.

Meanwhile, industry insiders attributed the delayed payment of import bills by the banks to the taka and dollar crises, a lack of availability of credit lines for importers and a culture of non-payment.

At a meeting on Monday, the issue of delayed import payments was discussed between managing directors and CEOs of seventeen banks and the Bangladesh Bank governor.

In yesterday's notice, the banking regulator said that delays in payments deteriorate correspondent relations with counterparts and increase import costs.

Given the current improved foreign exchange situation, the forex market of the country is in a long position, it said, adding that delays in making import payments by banks are "not acceptable" against clean bills and accepted bills.

"The result of delayed payment is a reputational loss for Bangladesh, leading to higher costs for imports relating to confirmation charges, trade credit, etc," read the BB's notice.

Seeking anonymity, a senior official of the central bank told The Daily Star that some banks, especially two or three state-run banks and some

Shariah-based banks, continually fail to pay import bills, which ultimately increases the cost of imports.

He said some local banks will have to settle import payments with up to 4 percent confirmation charges, which was 2 to 2.50 percent earlier.

The correspondent banks imposed higher confirmation charges, a security mechanism that minimises risks for exporters, due to delays in import payments.

Bangladesh spends around $100 million annually on confirmation charges for imports, the official informed.

Due to the reputational loss of the country's financial sector, the official said that some foreign lenders have reduced credit lines, while others are suspending them for Bangladesh.

For instance, he said Dubai-based Mashreq Bank has already reduced its credit line for Bangladesh.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, told The Daily Star that the charge for confirming LCs remains between 2.50 and 3 percent annually, depending on the client, but has been pushed up further due to a failure to settle import bills on time.

He said correspondent banks previously did not bother about the identity of the importers or customers, but nowadays they want to know who the customers are.

"Some banks just say that I cannot pay the import bills because I have yet to get the payment from the customer. But the actual thing is that the bank does not have the right to say that."

Rahman, also a former chairman of the Association of Bankers, Bangladesh (ABB), said that in some cases when importers are not paying their bank, the lender creates the liability as a forced loan and the bank does not want to pay the import bill in that scenario.

BB measures against payment delays

In the notice, the central bank also asked banks to clear unsettled import bills immediately and said that lenders must ensure appropriate credit lines are available for the respective importers before issuing letters of credit.

The BB asked banks to ensure adequate cashflow and prospective fund arrangements to cover import payments in cases of issuance of LCs on behalf of importers without underlying credit facilities.

The central bank's notice said that usance imports should be financed through buyer's credit through offshore banking operations or using the banks' own funds in terms of the foreign exchange transaction guidelines. The banking regulator warned that failure to settle payments on time is subject to punitive actions, including personal accountability for the officials responsible for the transactions.

Source: thedailystar.net– Nov 13, 2024

HOME

****

Bangladesh: Textile waste management system needs formalisation: Experts

Bangladesh's informal textile waste management system must be formalised to align with the European Union's (EU) sustainable product regulations, experts said on Tuesday during a discussion aimed at improving the country's ready-made garment (RMG) industry.

The discussion was titled to be about switching to practices in the RMG industry that lead to sustainability (circularity) during the manufacturer's collection of raw materials in the supply chain (upstream).

The formalisation is required also for averting political-economic tension and labour unrest in the country's RMG industry, the industry representatives said.

Moreover, the experts opined that an enabling policy framework is essential to drive the transition as it could create millions of jobs in the recycling industry and reduce Bangladesh's reliance on imports.

The event was organised under the 'SWITCH to Circular Economy Value Chains' project, co-funded by the EU and the Finland government led by United Nations Industrial Development Organization (UNIDO).

Bangladesh Garment Manufacturers and Exporters Association, Global Fashion Agenda, BESTSELLER, Reverse Resources, Chatham House, Circle Economy, and the European Investment Bank also collaborated to organise the programme.

Speaking there, Ministry of Commerce Additional Secretary (Head of export wing), Abdur Rahim Khan said, "In our country, jhute (garment waste) is not only an economic issue but also a law and order issue."

Citing the latest labour unrest in the country's RMG industry, he said the waste has been attributed as one of the major contributors to this unrest and stressed the need for framing a policy for waste management.

Though a policy will not directly help the country to transform into circularity, he mentioned, saying that it will resolve the unrest around the sector, hinting that an obstacle on the path towards circularity will be removed.

"Our export is going to be hampered to the EU if we don't move and shift our manufacturing strategy into circularity," he also said.

Mr Khan further stressed for technology transfer, financing and a national strategy for circularity and called for coordination among the three stakeholders-manufacturers, waste management companies and brands.

Deputy Head of EU Delegation to Bangladesh Dr Bernd Spanier said the next five years would be crucial for Bangladesh's garment industry.

Garment-producing countries must transition from the linear to circular production model to ensure that textiles are free of dangerous substances and they are produced in an environmentally and socially responsible manner under the EU Strategy for Sustainable and Circular Textile, he noted.

The post-industrial regulatory framework is also essential because current frameworks, such as the National Environmental Policy, the Solid Waste Management Rules and the Bangladesh Labour Act, are not well aligned so far with emerging EU and international standards for circularity in textile manufacturing and waste management.

The industrial textile waste market in Bangladesh remains largely informal and that has a significant political-economy nexus in the sector as seen during the recent labour unrest in Ashulia and other parts of Dhaka, Mr Spanier added.

Formalising the sector is very important, he said adding a clear regulatory framework and enabling conditions would also attract innovative recycling technologies and know-how.

Citing a recent study of a Germany-based service provider, GIZ, he said that Bangladesh's lack of supportive policies has contributed to shifting preferences towards countries like Vietnam and Indonesia as destinations for recycling industries.

The diplomat also stressed for improvements in the business environment for this transformation and to attract more European companies here.

Chief Technical Advisor on Circular Economy in Global Value Chain from UNIDO, Mark Draeck, said in the textile industry, especially regarding circularity, things were more complex, which is why progress has not been straightforward.

He highlighted two concrete pilot projects they are working on, closely collaborating with both brands and manufacturing companies, to address challenges at the technology, logistics, economics and traceability levels.

Citing his visit at factories including Fakir Group and Recycle Raw, he said interest and readiness from the industry to move forward was evident.

However, to scale these initial experiences across the industry, more systemic challenges must be addressed, including policy, capacity building, access to finance and the necessary investments for this shift, Mr Draeck added.

BGMEA Support Committee member Rezwan Selim, Desh Group of Companies Deputy Managing Director Vidiya Amrit Ktan and GFA Stakeholder Consultant Shamiul Hoque, spoke at the event, among others.

Source: thefinancialexpress.com.bd– Nov 13, 2024

HOME

****

Bangladesh: Deal with Japan can boost trade

Commerce Adviser Sk Bashir Uddin talks to Japanese Ambassador Iwama Kiminori in a meeting at the commerce ministry in Dhaka today. Photo: Commerce Ministry

The signing of an economic partnership agreement (EPA) between Bangladesh and Japan will increase bilateral trade and open a new door of opportunities for the South Asian country, Commerce Adviser Sk Bashir Uddin said yesterday.

Bangladesh is a country with a growing economy and it will have a strong position in international trade if the EPA is signed, he said.

The adviser made the comments in a meeting with Japanese Ambassador in Bangladesh Iwama Kiminori at the commerce ministry in Dhaka.

The relationship between Bangladesh and Japan is characterised by trust and transparency, and it will be further strengthened with the increase in trade between the two countries, Bashir Uddin said.

Kiminori highlighted Bangladesh's long friendly relationship with Japan and said both the countries would be benefited if bilateral trade was increased.

The meeting took place at a time when Bangladesh and Japan have already started formal negotiations for the signing of an EPA.

Source: thedailystar.net– Nov 13, 2024

HOME

****

NATIONAL NEWS

Russia committed on signing free trade pact between India and EAEU, says Manturov

Russia is committed to signing the free-trade agreement between India and the Russian-led Eurasian Economic Union as well as the bilateral agreement on services and investments, Russia's First Deputy Prime Minister Denis Manturov said on Tuesday.

External Affairs Minister S Jaishankar and Manturov, who co-chaired the India-Russia Inter-governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC) on Tuesday, directed the working groups to take steps to enhance market access to achieve the bilateral trade target of $ 100 billion by 2030.

"Among other things, we confirm our strong commitment on signing the free trade agreement between the EAEU (Eurasian Economic Union) and India, as well as the bilateral agreement on services and investments. This fully meets the needs of our business community," Manturov said in his address.

Two-day visit

Manturov, who is on a two-day official visit to India, called on Prime Minister Narendra Modi on Monday and met Finance Minister Nirmala Sitharaman and National Security Adviser Ajit Doval.

"Both sides also agreed to work towards developing a broad-based enabling framework for increasing economic engagement between the two countries," per a press statement issued by the MEA after the IRIGC-TEC.

Jaishankar, in his opening address, said that India was confident of achieving $100 billion in annual bilateral trade with Russia well ahead of 2030 but reiterated that trade needed to be more balanced.

"Our goal is that it (bilateral trade) needs to be more balanced and that would require addressing current constraints and undertaking greater facilitative efforts.

Making it easier to do trade should be accompanied by progress in the negotiations on the India-Eurasian Economic Union FTA," he said. In FY24, Russia-India bilateral trade was at $66 billion. Russian exports to India were at a whopping $61.15 billion, mostly due to supplies of discounted oil, which led to a gaping trade deficit of $56.89 billion.

The Minister acknowledged that problems related to payments and logistics persisted but these were getting sorted out. The payment problems are mainly due to Russia facing economic and banking sanctions imposed by Western nations in response to its war against Ukraine.

"There have been challenges to trade, especially with regards to payments and logistics and perceptible progress has been made in that regard, but there is still some work to be done," Jaishankar said.

Market access

Manturov's support for the India-EAEU FTA is important for India as the agreement would open up access to the markets of the five resource-rich post-Soviet States including Russia, Belarus, Armenia, Kazakhstan, and Kyrgyzstan. It could bring significant benefits to Indian exporters in sectors such as engineering goods, electronics, and agriculture and could also help the country counterbalance China's influence in Eurasia, according to a government note.

Jaishankar, in his remarks, pointed out that Russia had emerged as a major source of fertilizers for India and its supply of crude oil, coal and uranium were important to the country. "Similarly, India's pharmaceutical industry has emerged as an affordable and reliable source for Russia...Looking ahead we are also exploring the mobility of talent, skills, customising them for the Russian market has to be a shared enterprise," he added.

The Minister also highlighted the various on-going connectivity projects that would serve both countries. "Our joint endeavours in regard to connectivity, such as the International North-South Transport Corridor, the Chennai-Vladivostok Corridor and the Northern Sea Route must go forward," he said.

Source: thehindubusinessline.com– Nov 12, 2024

HOME

****

Ministry of Textiles approves 12 research projects worth INR 13 Crores under the National Technical Textiles Mission

The 10th Mission Steering Group under the chairmanship of Union Minister of Textiles has approved 12 research projects of value INR 13.3 Cr. under the National Technical Textiles Mission. The research projects were approved across key strategic areas of geotextiles, sustainable and smart textiles, composites, etc.

The approved projects were proposed by eminent research bodies and institutions including IITs, NITs, CRRI, etc. The total number of approved research projects under the Mission now stands at 168 with a total value of approx. INR 509 Cr.

With the release of the new IPR guidelines under the Mission, Shri Giriraj Singh urged the industry to actively participate in research projects.

National Technical Textiles Mission is a flagship scheme of Ministry of Textiles focused on developing the research and development capabilities of the local industry, especially in the areas of high performance fibre development.

Source: pib.gov.in – Nov 12, 2024

HOME

****

PMO launches new maritime strategy, to infuse funds into port sector

The Prime Minister's Office has approved a three-pronged strategy for the development of the maritime sector, the key element of which is to finance the development of ports with at least Rs 25,000 crore from the Maritime Development Fund (MDF).

India's so-called 'major ports', so named because they are run by the central government, are almost all badly in need of funds to handle the expansion of ocean-going traffic, which is expected to grow annually at a CAGR of close to 5 percent. It grew by 4.6 percent in the first half of FY25.

The expansion of ports' capacity will be handled by the Sagarmala Development Company (SDCL), which has been repurposed as an NBFC starting 2025. This will allow the company to get access to the said amount in the Maritime Development Fund as seed capital. The money will be invested in these ports to build new terminals, breakwater, dredge shallow channels, and add backend infrastructure for freight trains and trucks to access the ports.

While the decision to convert the SDC into a finance company was taken earlier this year, the go-ahead to channel MDF funds into it was taken after the Ministry of Ports, Shipping and Waterways made a presentation to Prime Minister Narendra Modi this month.

It has also been decided to expand the role of India Ports Global to invest in one more port in Sri Lanka. Once approved, this will be the fourth port abroad that IPGL will manage, after Chabahar in Iran, Mongla in Bangladesh, and Sittwe in Myanmar.

Given the tensions in the Indo-Pacific region, the government has also decided it will henceforth participate in all international projects for the development of ports on this belt of water.

An official of the Ministry of Ports, Shipping and Waterways said the large financial support to SDCL to invest in ports in India is the most significant of these decisions as of now.

Of the 12 government-run ports, almost all need to be rebuilt quickly. Two more – Vadhavan in Maharashtra and Galathea Bay in Andaman and Nicobar Islands – have been approved and added to the list of major ports and will take close to a decade to be ready for the first ships to call there.

Lack of space, funds constrain growth

There are two major problems plaguing the existing 12 ports: shortage of finance and the lack of space. As per a Crisil report of 2023, to develop a container terminal with a capacity of one million TEU (or twenty-foot equivalent, a measure of container capacity) needs an investment of Rs 10 billion to Rs 15 billion. The scale of such an investment makes it difficult to involve the private sector as the first mover. Globally, governments typically underwrite these large investments and then bring in the private sector to invest in building and managing terminals. In India, other than Adani and more recently, JSW Infra, there are no large players in the sector with the expertise needed to build such ports. “Regulatory requirements such as technical experience and financial circumstances and capabilities act as entry barriers for new players to enter this industry,” notes the Crisil report mentioned earlier.

These problems have also affected plans to privatise terminals at existing ports. While the ministry reckons that more than 56.5 per cent of total cargo at major ports is handled by PPP players, plans to push this to over 85 per cent by 2030 are taking time to fructify.

One of the main reasons is that almost all these ports, except for JNPA, Deendayal, and Paradeep, have a huge city behind them. Of the total traffic at major ports, 46 per cent is handled by these three. For the rest, cargo from the hinterland has to navigate dense city traffic to arrive at these ports. The same reasons restrict options for expanding the existing railway lines to cater to the business. The last 108 km of the western leg of the Dedicated Freight Corridor travelling the outskirts of Mumbai to reach JNPA has been pending for years since land is not available for this stretch that cuts across dense habitations. Mormugao in Goa is a prime example of what these delays can do – it has a mere 1.69 per cent share of total freight traffic handled at central government-run ports. Similarly, the Mumbai Port Authority does not rank among the top five ports handling overseas traffic, serving mostly coastal trade instead. Data from the ministry shows capacity utilisation at most ports have not risen, even as exporters and importers complain of long delays in loading and unloading of cargo.

As of now, despite the impressive 46 per cent rise in freight handled by all Indian ports (both government- and private sector-run) in the past decade of FY15 through FY24, the increment has largely been captured by JNPA, Deendayal, Paradeep, and the Adani-run Mundra ports. By 2030, Deendayal port aims to reach a capacity of 269 million tonnes per annum (MTPA), Paradip of 290 MTPA and JNPA, 142 MTPA. “The growth trend in the market share of cargo is, therefore, confined to only three of the Major Ports while the remaining show barely perceptible improvements,” noted a Parliamentary Standing Committee on Transport, Tourism and Culture in a February 2024 report.

The way out of the jam

One solution is to build new ports far from the cities but technically next to existing ports, thus allowing the older facilities to gradually wind down. “The additional capital for SDCL will therefore be very necessary,” said an official who works with the sector. With the investment in relatively less crowded zones, the new ports can also seek to monetise the land for commercial purposes, as JNPA has done.

Because of the same geographical constraints, with the exception of Adani-run Vizhinjam, not much expansion is happening at scale in the southern ports, where most of India’s expanding manufacturing sector is concentrated. For starters, these ports could do with significant amount of dredging to deepen their draft beyond the current 14-16 metres to globally comparable ones of 17-23 metres. To make the rules easier, the government has reclassified the channels of all its ports as national waterways since if they remained the property of the respective ports, it is they who would have had to finance those works.

Source: business-standard.com– Nov 12, 2024

HOME

****

India should reconsider its rejection of the RCEP trade bloc

Five years ago, on a November morning in Bangkok, just on the verge of signing the Regional Comprehensive Economic Partnership (RCEP) agreement, India abruptly walked out of it. For the prior seven years, India had actively participated in negotiations over its text and terms.

The RCEP was hence signed by the remaining 15 nations. Even without India, it is the world's largest trading bloc, representing 30% of the world's population, trade and gross domestic product (GDP). Its share of GDP will rise, since this part of the world is growing faster than the rest.

If fast-growing India also joins RCEP, the lead will accelerate. India backed out of RCEP because it would amount to a de facto free trade agreement with China. This fear was based on an implication of the rules of origin (ROO) that would come into force in the bloc.

These rules apply collectively and cease to be country-specific. This fear was sought to be addressed via China-specific clauses and backloaded or delayed tariff reductions for China-origin goods. Surely, 15 years is enough time for Indian industry to prepare itself.

Hence, the real reason for India's exit five years ago might have been pressure mounted by sector-specific lobbies. This includes the dairy sector, which warned of a deluge of imports from New Zealand and a threat to India's dairy farmers.

India's per capita consumption of milk is still below the world average and we need a nationwide campaign to feed a glass of fresh milk to every child every day to meet nutrition needs, which could greatly enhance the demand for milk and tackle the threat of Kiwi supply.

Other industry bodies that had lauded India's exit from RCEP spoke for sectors such as steel, non-ferrous metals, chemicals, automobiles and plastics.

Was their response based on a belief in protectionism? Was it fear of India's manufacturing sector being hollowed out by a Chinese onslaught? Or was this reckless spook mongering?

We need to reassess our decision to stay out of RCEP. A thorough study is needed to estimate the impact of RCEP on India and others. Recently, Niti Aayog CEO B.V.R Subrahmanyam said that India should join RCEP.

His view is based on a perceived loss to micro, small and medium enterprises (MSME) in India as they remain out of the value chains that are emerging.

India's RCEP participation should be based on a broad set of metrics—not merely the trade deficit (which may deteriorate), but also investment inflows, employment creation and participation in new regional value chains (RVC).

A 2022 assessment by Arvind Panagariya and Pravin Krishna indicated no significant deterioration in India's trade deficit with Asean countries despite 10 years of a free trade agreement. Even if it widens, one should remember that a trade deficit is simply the flip side of capital inflow.

If India is importing more than what it earns in export dollars, it means that the gap is filled by inflows of fresh investment dollars. This is a pattern over four decades and a sign of investor confidence in India's growth story. India is the only large Asian country that has had a persistent current account deficit, funded by investment inflows. India's overall current account is mostly in balance since the services trade surplus with America offsets goods trade with Asia.

The new US regime under Donald Trump is likely to increase tariffs. His appointment of a protectionist trade chief Robert Lighthizer means that we have to brace for trade wars and punitive tariffs.

It's imperative to expand trade in the RCEP region, tap the huge untapped export potential of agricultural products, pharmaceuticals and services, and embrace value chains that favour MSME-employment.

RCEP is a less ambitious trade deal. It does not impose restrictions of labour and environmental standards, unlike the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). It helps build supply chain resilience and fosters trade among partners, while RVC networks encourage geopolitical cooperation and stability.

A research paper published in the Journal of Asian Economics analyses data on RVCs in the post-RCEP world. The authors find significant expansion of trade in intermediate goods (which form new value chains), and the participation of member countries in RVCs has increased.

The trend is noticeable in the textiles, apparel, motor vehicles and food sectors. RCEP has reconfigured production networks with China, Japan and Korea, with a part of their global production and demand value chains turning more regional.

Trade intensity among RCEP parties has increased. The China-plus-one strategy of global investors has benefited Vietnam, Malaysia and Indonesia, but not India to the same extent.

If India had been a part of RCEP, investors would have been more enthused, as they wouldn't have to jump across tariff borders. In 2023, the RCEP region attracted $460 billion of foreign direct investment, which was more than a third of global flows.

India's pursuit of several bilateral trade deals is less efficient than joining a mega trade bloc such as RCEP. We should also think of joining the CPTPP, on whose doors others are knocking.

Mega blocs are presently a reflection of weak multilateralism and the demise of the World Trade Organization. India's accession will boost domestic competitiveness, employment in value chains and investment inflows.

It must be supplemented with internal reforms aimed at enhancing the stock of human capital through skilling and education, which ultimately determine competitiveness.

Source: livemint.com– Nov 12, 2024

HOME

****

Budget 2025: Nirmala Sitharaman to meet state FMs for pre-Budget, GST Council meet on Dec 21-22

Union Finance Minister Nirmala Sitharaman is likely to meet her state counterparts on December 21-22 for pre-budget consultations and meeting of the GST Council, an official said. The meeting assumes significance as states finance ministers would present their recommendations for 2025-26 Budget to be unveiled on February 1, 2025.

The 55th GST Council meeting would be held during one of these two days in which the much awaited decision on exemption or lower GST rate on health and life insurance would be taken.

The Council may also take up some rationalisation exercise and reduce tax rates on a host of common items from 12 per cent to 5 per cent as per the recommendations of a panel of state ministers.

The two-day meeting is slated to take place in Rajasthan, either in Jaisalmer or Jodhpur, the official added.

Last month, the group of ministers (GoM) on health and life insurance GST broadly agreed on exempting insurance premiums paid for term life insurance policies, and senior citizens' health insurance from GST.

Also, GST on premiums paid by individuals, other than senior citizens, for health insurance with coverage of up to Rs 5 lakh is proposed to be exempted. However, 18 per cent GST will continue on premiums paid for policies with health insurance cover of over Rs 5 lakh.

The GST Council in its 54th meeting on September 9 had tasked the GoM to finalise the report on GST levy on insurance by October-end.

Separately, the GoM on GST rate rationalisation has also suggested that the GST Council rejig tax rates on a host of goods, including packaged drinking water, bicycles, exercise notebooks, luxury wrist watches, and shoes. This rate rejig is expect to result in revenue gain of about Rs 22,000 crore.

The GoM on rate rationalisation proposed reducing GST on packaged drinking water of 20 litre and above to 5 per cent from 18 per cent. If the

GoM's recommendation is accepted by the GST Council, GST on bicycles costing less than Rs 10,000 will be reduced to 5 per cent from 12 per cent.

Also, GST on exercise notebooks will be reduced to 5 per cent from 12 per cent. The GoM also proposed hiking GST on shoes above Rs 15,000/pair from 18 per cent to 28 per cent. It also proposed hiking GST on wrist watches costing above Rs 25,000 from 18 per cent to 28 per cent.

Bihar Deputy Chief Minister Samrat Chaudhary is the convenor of the 13-member GoM on health and life insurance and 6-member GoM on rate rationalisation.

Currently, GST is a four-tier tax structure with slabs at 5, 12, 18, and 28 per cent. Under GST, essential items are either exempted or taxed at the lowest slab, while luxury and demerit items attract the highest slab. Luxury and sin goods attract cess on top of the highest 28 per cent slab. The average GST rate has fallen below the revenue neutral rate of 15.3 per cent, prompting the need to start discussions on GST rate rationalisation.

Source: economictimes.com– Nov 12, 2024

HOME

****

India may see FDI trends shift in Trump's second presidential term

India may witness a shift in foreign direct investment (FDI) trends in the second presidential term of Donald Trump, according to a recent State Bank of India research report.

As Trump, in his first term, took significant regulatory steps to attract FDI back to the United States, a similar initiative next year could create challenges for emerging markets like India where FDI is a significant growth driver. However, India’s gradual diversification of its FDI sources could buffer any potential decline, it noted.

Unlike a decade ago, when most FDI inflows came from a limited number of traditional sectors, India is now attracting investment in a wide array of industries, including renewable energy, sea transport, medical devices and surgical appliances.

There are up to 12 emerging sectors showing strong FDI interest, and that may help offset any loss of inflows in conventional sectors if there is a shift in global investment patterns under the next US administration, the SBI report said.

The Trump presidency would offer India challenges as well as opportunities. In the short term, the potential for increased US tariffs, more restrictive H-1B visa policies and a stronger dollar could bring some volatility to India's trade and investment landscape.

However, in the long term, these challenges might also encourage India to expand its manufacturing capabilities, diversify export markets and focus on becoming economically more self-reliant, the report observed.

India’s merchandise trade surplus with the United States despite tariffs imposed during Trump's first term indicates Indian exports have remained resilient, and there is potential to strengthen trade ties further by capitalising on emerging sectors and reducing dependency on traditional industries, the report added.

Source: fibre2fashion.com– Nov 12, 2024

HOME

****

Where next for Asian economies? Clearsighted reforms key for durable growth

The Asia-Pacific region has undergone rapid development over the past three decades. Between 1990 and 2023, its gross domestic product (GDP) per capita more than doubled. It will generate about 60 per cent of global economic growth this year. In the near term, we expect this to continue: our latest forecasts, finalised in October, show the Asia-Pacific region growing by 4.5 per cent in 2025, well ahead of the global average. For India, we project growth of around 6.5 per cent.

But can this success continue? Will growth remain strong? And how can countries secure good employment—particularly those, such as India, where the working-age population will continue to grow strongly, even as the average age increases?

Thinking about these questions leads us to look closely at how jobs and production have been changing in Asian economies.

For example, over the past 30 years, the share of those employed in agriculture in Asia has halved on average. Why is this important? Moving workers out of low-productivity agriculture jobs to higher-productivity industry and service sector jobs has been instrumental in raising productivity in the Asia-Pacific region.

In the case of India, this transition of employment has been relatively slow: the share of agricultural employment is higher and has been slower to fall than in many emerging economies. In comparison with other countries, agricultural productivity has been both low and growing slowly, holding back the economy.

But where should those workers go? It is true that many other Asian economies have gained by moving intensively into manufacturing. Consider Vietnam, for example: its share of employment in manufacturing has tripled in the space of 30 years, while its per capita income has quadrupled in real terms. Over that same period, the share of employment in manufacturing in India has increased only modestly, and per capita income by less than it has in Vietnam.

Does that mean that the way forward for India is to deliberately steer the economy into manufacturing? Not so fast.

The progression from basic to high-value-added manufacturing is becoming more difficult. It is also becoming more capital-intensive and generates relatively little employment.

By contrast, in several modern services sectors—business services, information and communication technology (ICT), and finance—labour productivity typically exceeds that of manufacturing. Those sectors can boost growth. But whether such sectors are sufficient to generate many jobs is another matter.

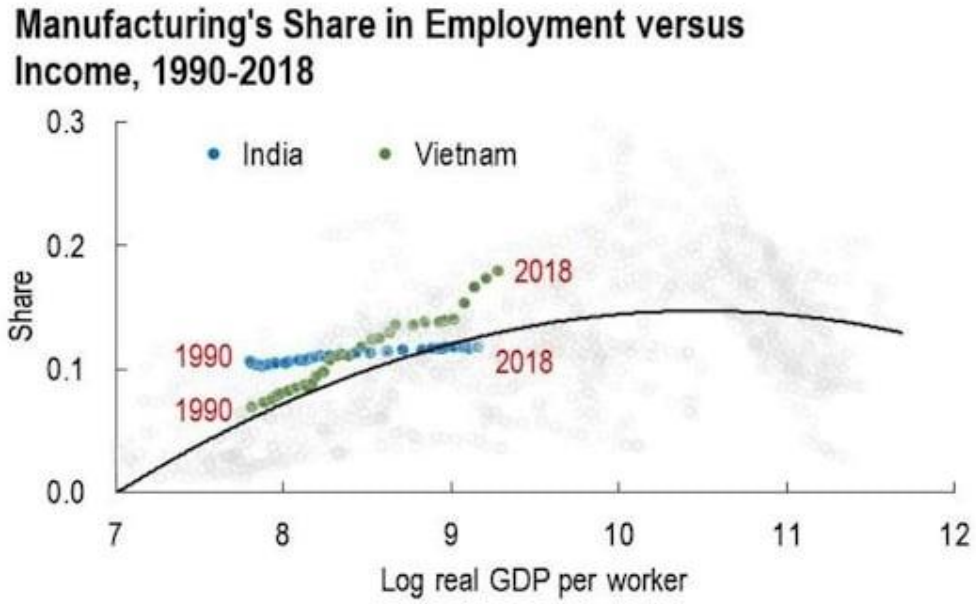
What does this imply for policies? Balancing growth objectives with employment goals is complex and challenging. India, which is adding 14 million individuals to its working-age population every year, will need to create conducive conditions for both manufacturing and services to allow for sufficient growth and job creation.

A first recommendation is to lower barriers to entry in all sectors so that jobs and production can move to where there is demand. For example, Asian economies are open to trade in manufactured goods compared with the rest of the world, but are relatively closed to agricultural and services trade. The issue is particularly pressing with regard to agriculture in India, where the implied tariff on agricultural products is substantially above the average for the Asia-Pacific region.

Improving agricultural productivity will release workers from the land. That is a good thing if those workers can move to more productive and higher-paying jobs. However, this necessitates strong job creation in the non-agricultural economy.

In manufacturing, productivity in East and Southeast Asia is already quite high, suggesting few frictions holding the sector back. In the case of India, the failure of firms to expand and increase exports is notable. This should prompt a focus on improving firm productivity and scale by reforming labour laws, reducing trade barriers and red tape, while continuing to invest in public infrastructure and boosting research and development (R&D).

Prospects for increased demand for services appear strong. India is already doing quite well in developing highly productive sectors such as information technology (IT) and business services. However, these sectors will likely become more competitive as services become more easily tradeable.



Sources: GGDC/UNU-WIDER Economic Transformation Database; Penn World Table version 10.01; and IMF staff calculations.

Note: The black line is a quadratic fit for all data points.

Supplying the skills demanded requires a stronger focus on the quality of education and skilling, especially as new technologies, notably artificial intelligence (AI), transform jobs.

At the same time, focusing solely on modern services will not generate enough jobs. Improving productivity in low-skill services will also be important to balance job creation with productivity growth. This requires microeconomic reforms to enhance productivity in small firms and improve the employability of those moving out of agriculture.

This brings me to a final remark: success will not be achieved by picking particular sectors to drive the economy forward. That is like imagining a team could consistently win matches by concentrating on its batting and ignoring bowling and fielding. Instead, efforts need to be sustained across many policy fronts to ensure economies are flexible and able to adjust to a fast-changing world.

Source: business-standard.com – Nov 12, 2024

HOME

****

India's political stability helping apparel export, says US trade report

India's share of apparel export to US has risen from 4 percent to 5.8 percent between 2013-23, along with other Asian exporters, all of whom have benefitted from a dramatically fall in China's share in this period, a recent report by US International Trade Commission (USITC) has said.

Even though China still remains the largest exporter to USA with a 21% share in its annual garment imports, countries like Bangladesh, India, Indonesia, Cambodia and Pakistan all ranked in the top ten group of apparel exporting nations to America. These five countries account for 27 percent of the US apparel imports in 2023.

In 2013, India held a modest 4% share of US apparel imports, which has risen to 5.8% by 2023, reflecting India's increasing competitiveness, the report said. As America continues to diversify away from China, India is emerging as a reliable and strategic partner for apparel sourcing, said the USITC report. The report said United States is India's top export market, accounting for 32 percent of the $14.5 billion worth of global apparel export in 2023, which amounts to $4.6 billion.

The report by USITC also said political stability has been a key factor driving more US buyers to source apparel from the countries like India and Vietnam in recent years. The report added that India offers guaranteed production timelines, and helps mitigate risks associated with political instability, which is making it an increasingly attractive option for American buyers.

The USITC report said political stability as a factor that brands and retailers consider when searching for new suppliers. "Brands are more willing to source high-value or fashion items from India compared to less politically stable countries, as they are confident they will be able to produce and receive their products."

However, the report mentions that India's apparel sector has difficulties in attracting new buyers, and has seen customers leave because of comparatively higher costs versus other Asian peers.

Some industry representatives have said that India's compliance and sustainability quotient is improving, which has helped its competitiveness in recent years. However, India still remains a costly sourcing destination for apparel, compared to other regional suppliers, the report said. India's largest domestic demand makes exporting less attractive. Some US retailers have also raised concerns over long transit times for final goods coming out of India, the report cited.

Another factor that has worked in India's favour is the production of nearly every apparel input, from fiber to accessories. This, the trade report says, has allowed for vertical integration, making India more appealing to buyers that are looking to mitigate risk to supply chains and cut down on costs.

The report mentions Bangladesh is the world's second-largest apparel exporter, with capabilities in manufacturing and bulk orders of basic garments. Low cost of labour, benign input costs, and duty-free access to export destinations contribute to Bangladesh's cost competitiveness.

Bangladesh's garment industry remains powerful within Bangladesh, and apparel associations, the government and factory owners have deep association. In some instances, factory owners also serve as elected government officials, which may increase stability, but others note that it may prevent higher unionization rates and wages, or worker empowerment.

Source: moneycontrol.com– Nov 11, 2024

HOME

****

Good potential for cosmetic, textile, food processing sectors in Andhra Pradesh: South Korean diplomat

Sangwoo Lim, Acting Ambassador and Deputy Chief of Mission, Embassy of the Republic of Korea (South Korea) to the Republic of India, said there is a lot of potential in Andhra Pradesh for setting up cosmetic, textile, or food processing companies.

Mr. Lim, who was in Vijayawada on Tuesday, November 12, to attend a workshop on 'Promotion of Sustainable Entreprises for Local Development', said his team was here to explore the opportunities in the State in the cosmetic, textile and food processing sectors.

The workshop was organised by Association of Lady Entrepreneurs of India (ALEAP), in collaboration with International Labour Organisation (ILO) and Korea International Cooperation Agency (KOICA).

"We have a huge industry in cosmetics in South Korea and we see that India, too, is catching up here. We could perhaps have a collaboration between women entrepreneurs from the State and cosmetic companies in South Korea. It is something we envision," he said, while speaking to The Hindu on the sidelines of the workshop.

"A lot of work has to be done on both sides for something like this to happen, but an advantage that Andhra Pradesh has is that since Kia Motors is here, more companies may wish to come too. Moreover, South Koreans are familiar with Andhra Pradesh," Mr. Sangwoo Lim added.

KOICA has been in partnership with ILO in A.P. and Odisha for a pilot project titled 'Promoting Sustainable Entrepreneurs in India' by exchanging ideas, expertise and technology. The project is being implemented with State government institutions, A.P. MSME Development Corporation, ALEAP, among others. The project aims to empower women entrepreneurs.

Mr. Sangwoo Lim said in the past three years, KOICA identified skills that budding entrepreneurs needed and the challenges and provided the required support. "The next step is to match these women entrepreneurs with Korean companies," he said.

ALEAP president Rama Devi Kanneganti, KOICA India Country Director Woo Chan Chang, Korean Small and Medium Industries Director Jae Kyeong Lee and others were present. Around 200 entrepreneurs, Startups from the State participated in the programme and interacted with the Korean delegates.

Source: thehindu.com– Nov 12, 2024

HOME

****

CCI opens 21 centres in MP to procure cotton

Indore: Cotton Corporation of India (CCI), a nodal agency established under the Ministry of Textile for procurement of cotton, has commenced procurement of cotton from farmers in Madhya Pradesh at the Minimum Support Price (MSP). CCI has established 21 procurement centres in Madhya Pradesh, of which 11 centres have become operational. In the preceding year, the nodal agency had procured 6.35 lakh quintal cotton from Madhya Pradesh.

"We have established 21 centres in MP and the procurement process has commenced from the last week. We are accepting cotton with 8-12 per cent moisture and other mandatory parameters. Moisture content is elevated in new arrivals but gradually it will decrease and subsequently the pace of procurement will escalate," said an official from CCI requesting anonymity. The Centre has declared MSP of Rs 7,121 per quintal for the medium staple and Rs 7,521 per quintal for the 2024-25 cropping season. The CCI has established procurement centres at Khargone, Dhamnod, Bikangaon, Badwah, Khandwa and other locations.

"New season cotton arrivals have commenced but moisture content is elevated due to which farmers are not securing better remuneration for their supplies but gradually as the moisture content diminishes, supplies and procurement will increase," said Kailash Agrawal, a cotton trader and farmer.

Daily arrival of cotton in the Khargone market is estimated at 12,000-15,000 quintals compared to 8,000-10,000 quintal in the preceding year same period, said cotton traders. In the Indore division, Khargone, Khandwa, Barwani, Manawar, Dhar, Ratlam and Dewas are the prominent cotton growing belts.

Traders and farmers said, cotton prices in Khargone mandi is Rs 5,000-5,600 per quintal due to elevated moisture content. They said, unseasonable rains damaged the first picking affecting the quality of cotton but the second picking proceeded well due to favourable weather conditions.

Source: timesofindia.com– Nov 12, 2024

HOME

****