IBTEX No. 185 of 2024 **November 27, 2024**

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USD	EUR	GBP	JPY
84.46	88.48	106.15	0.55

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INTERNATIONAL NEWS

Trump Threatens Day One Double-Digit Duties for China, Mexico and Canada

Trump's tariff threats promise to be the talk of the Thanksgiving dinner table this week.

The president-elect on Monday evening reiterated day one plans to levy duties on Mexico and China—and now, he's added Canada to the mix, saying that the U.S.' northern neighbor is facilitating the transport of migrants, "Crime and Drugs."

"On January 20th, as one of my many first Executive Orders, I will sign all necessary documents to charge Mexico and Canada a 25% Tariff on ALL products coming into the United States, and its ridiculous Open Borders," he wrote on Truth Social.

According to Trump, the duties will remain in place until the countries curb the flow of fentanyl and migrants into the U.S.

"Both Mexico and Canada have the absolute right and power to easily solve this long simmering problem," he added. "We hereby demand that they use this power, and until such time that they do, it is time for them to pay a very big price!"

At the same time, Trump took aim at a familiar adversary, reiterating the claim that China is supplying the fentanyl and precursor inputs that are sickening Americans at alarming rates.

"I have had many talks with China about the massive amounts of drugs, in particular Fentanyl, being sent into the United States – But to no avail," Trump wrote.

"Representatives of China told me that they would institute their maximum penalty, that of death, for any drug dealers caught doing this but, unfortunately, they never followed through, and drugs are pouring into our Country, mostly through Mexico, at levels never seen before."

Until the matter is resolved, Trump said the U.S. will charge additional 10-percent tariffs, "above any additional Tariffs," on the litany of China-made products hitting U.S. shores. Trump was presumably referring to the Section 301 duties he implemented on about $380-billion-worth of products during his first term in office, which ranged between 7.5 percent and 25 percent.

While the drum-beating about duties is nothing new for the former president, it's notable that Trump seems to have pulled back on previous statements about hitting China with duties of 60 percent to 100 percent. The threat was a familiar refrain throughout his campaign for the presidency, stoking concern within the business sector about how the added tariff burden would impact margins and prices at retail.

Those attitudes may be tempered, however, by newly announced Treasury Secretary appointee Scott Bessent, a finance aficionado who Wall Street executives are lauding as a common-sense pick for the bombastic president-elect.

Leaders in Mexico and Canada are on high alert following Trump's Monday evening comments.

Mexican President Claudia Sheinbaum said in a press conference Tuesday morning that she planned to pen a letter to Trump advising that the 25-percent tariffs on Mexico and Canada would lead to greater inflation and loss of jobs across both nations.

"To one tariff will come another and so on, until we put our common businesses at risk," she said, according to a report from Reuters.

Meanwhile, Canadian Prime Minister Justin Trudeau reportedly jumped into action to head off the tariff threat, calling Trump at his Mar-a-Lago residence in Florida within hours of the Truth Social announcement, according to the New York Times.

Canadian Premier Doug Ford—the leader in a national movement to cut Mexico out of the U.S.-Mexico-Canada Agreement (USMCA) and pursue a bilateral trade program with the U.S. alone—said Trump's 25-percent tariff proposal "would be devastating to workers and jobs in both Canada and the U.S."

“The federal government needs to take the situation at our border seriously. We need a Team Canada approach and response—and we need it now. Prime Minister Trudeau must call an urgent meeting with all premiers,” he tweeted.

The American fashion sector has also wasted no time in weighing in on the potential ramifications of levying duties on Western Hemisphere trade partners.

“We hope President-elect Trump rethinks these tariffs as they relate to footwear, as such measures would place an unnecessary burden on American families when budgets are already stretched thin,” Matt Priest, CEO and president of the Footwear Distributors and Retailers of America (FDRA) said early Tuesday. “A 25-percent tariff on products from Mexico and Canada and a 10-percent tariff on goods from China would directly increase costs for retailers and consumers, leading to higher prices on everyday essentials like shoes.”

“During this holiday season, Americans do not want to see or hear about an additional tax on items they need most,” he added. “Families deserve relief, not policies that make it harder to afford gifts, winter essentials, and footwear for the new year.”

“Imposing levies is not a path to real leverage. It may take a few months before these Trump Taxes kick in as spiraling prices for consumers, but if the newly announced tariffs on U.S. imports from Mexico, Canada, and China are implemented—which will affect more than half of all trade—the main impact will be inflationary for all Americans on essential everyday goods,” American Apparel and Footwear Association (AAFA) CEO and president Steve Lamar told Sourcing Journal.

“Mexico is a significant source of jeans and leather footwear. These threats will could also fumble the one trade agreement Trump takes credit for in his previous term—USMCA,” he added.

Kim Glas, chief executive and president of the National Council of Textile Organizations (NCTO), countered the finished goods trade groups’ perspectives, saying, “The domestic textile manufacturing industry has long suffered because of illegal Chinese trade practices, so when President-elect Trump talks about imposing a hefty tariff on finished textile and apparel products imported from China, that is welcomed by U.S. textile manufacturers.”

However, Glas said the new tariffs "must go hand in hand with immediate action to close the de minimis loophole and stepped up customs enforcement, or importers will just shift to that model even more to circumvent higher tariff rates." The trade provision, which allows shipments worth $800 or less to enter the country duty free, facilitates the Customs entry of up to 4 million packages per day.

"If the new administration levies additional penalty tariffs, it has to be done in concert with closing this loophole on Day 1 and we will continue to press for these actions to be taken in tandem," Glas said. "This loophole acts as a gateway to fentanyl, its precursors, products made with forced labor and unsafe products, hurting our people and our communities and economy."

Glas said NCTO also aims to work closely with the incoming administration "to stress the importance of maintaining a vibrant U.S.-Mexico-Canada coproduction chain, which supports thousands of workers in the United States and the region."

"Mexico and Canada represent a major market for the U.S. textile industry under the USMCA. As such, tariffs on these imports under the free trade agreement would harm that critical coproduction chain," she said. "We encourage the incoming Trump administration to take a measured approach when it comes to imposing tariffs on Mexican and Canadian imports."

Source: sourcingjournal.com– Nov 26, 2024

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German economy struggles; Business Climate Index falls to 85.7

Germany's ifo Business Climate Index dipped to 85.7 points in November, down from 86.5 points in October, reflecting a more pessimistic outlook among businesses in the country. The primary reason for the decline is the worse assessment of the current situation, slightly making the expectations low.

In Manufacturing, the business climate worsened, despite companies being skeptical about the coming months. By contrast, they were slightly more satisfied about the status quo. "The current situation is frequently described as difficult and orders were down", said ifo in a press release.

In Trade, the index went up again as companies assessed their current situation as better. In addition, expectations were less pessimistic, both for retail and wholesale. However, sentiment among companies is still a long way off from being positive, added the release.

The Ifo Institute for Economic Research is a Munich-based research institution. It is one of Germany's largest economic think-tanks, that analyses economic policy and publishes monthly index. The ifo Business Climate is based on approximately 9,000 monthly responses from businesses in manufacturing, the service sector, trade, and construction.

Source: fibre2fashion.com– Nov 27, 2024

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Create industrial strategy that benefits businesses: BCC tells UK govt

In view of the UK government's plan to publish its 'Industrial Strategy' in Spring 2025, alongside the multi-year Spending Review, the British Chambers of Commerce (BCC), has called on the government to create an Industrial Strategy that brings benefits to businesses and people in all parts of the UK. In a written submission to the Government's consultation, the BCC—which represents over 50 chambers of commerce across the UK—has urged ministers to integrate each nation and region's strengths into the plan, alongside a focus on sectors.

The BCC has urged the ministers to identify 'growth driving priority sectors', adding that the strategy should clearly identify how the UK's competitive advantage can be leveraged. The written submission says, "the industrial strategy should drive investment, support the workforce and encompass the net-zero transition."

The submission says that for the strategy to succeed, foundation issues such as a competitive tax environment, skilled workforce and an enabling regulatory environment must be in place. It points out that achieving this will require collaboration across government departments and involvement from both the public and private sectors.

"The Industrial Strategy is a much-needed opportunity to boost economic growth and investment," Jonny Haseldine, policy manager at the BCC, said. "With millions of businesses now facing increased costs following last month's Budget – even more is now riding on the government's strategy. Firms in every corner of the UK need this plan to deliver at pace for their needs and their communities. "The strategy needs to identify priority sectors which will drive growth – building on the past but crucially looking forward.

"But the industrial strategy will struggle unless other key obstacles to business investment are tackled. It must not be designed and implemented in isolation from other policy measures and strategies," he added.

Source: fibre2fashion.com– Nov 27, 2024

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Turkish manufacturing sector's capacity utilisation up in Nov to 76.1%

The Turkish manufacturing industry’s capacity utilisation rate increased in November, reaching 76.1 per cent, according to data from the country’s central bank.

The capacity utilisation rate is a key indicator of how much of an industry's productive potential is used, providing insights into overall economic activity.

The figure was an improvement of 1.2 percentage points over the previous month, the Central Bank of the Republic of Turkiye (CBRT) said.

The rate rose by 0.4 percentage points on a seasonally adjusted basis, reaching 75.6 per cent in November, domestic media outlets reported.

Intermediate goods production had the highest utilisation rate at 75.5 per cent, while durable consumer goods recorded the lowest, at 72 per cent.

Source: fibre2fashion.com– Nov 26, 2024

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Brands Still Sourcing From Myanmar Hit With OECD Complaints

The world's largest trade union federation has filed complaints with the Organization for Economic Cooperation and Development (OECD) against three fashion retailers that it says are "profiting" from eroding labor rights in Myanmar by continuing to place orders in the junta-ruled Southeast Asian nation, breaching the intergovernmental organization's guidelines for responsible business conduct aimed at minimizing and remedying supply chain harms.

IndustriALL Global Union, together with banned affiliates Confederation of Trade Unions, Myanmar and Industrial Workers Federation of Myanmar, charged Next, New Yorker and LPP at OECD contact points in the United Kingdom, Germany, the Netherlands and Poland earlier this month with reneging on their obligations to operate ethically regarding human rights. Companies that have continued sourcing from Myanmar following the violent 2021 military coup, they say, are "benefiting from an environment of fear, forced labor and exploitation" in a country with no freedom of association and little rule of law.

"We have been urging multinational companies to exit from Myanmar as their existence contributes to the severe violations of human rights and labor rights in the country," said Khaing Zar Aung, the exiled president of the Industrial Workers Federation of Myanmar. "The brands pretend they comply with the OECD guidelines and human rights due diligence, which is impossible under a military dictatorship. Industrial zones are under martial law and the right to freedom of association is banned."

But while many high-profile purveyors, including H&M Group, Zara owner Inditex, Uniqlo parent Fast Retailing, Lidl, Marks & Spencer and Primark, have declared that they will be cutting ties with Myanmar—albeit at different and sometimes unspecified time frames—a significant number, including household names such as Adidas and Bestseller, still remain. Those that continue to stick by Myanmar have cited concerns that divesting would exacerbate already deteriorating conditions for workers. They also claim to employ a "heightened version" of human rights due diligence to root out potential violations, a tack that runs counter to the growing, if not universal, consensus that independent oversight cannot occur under such hostile conditions.

Poland's LPP, which is linked to at least 29 complaints, many involving multiple workers, in an allegation tracker updated by the Business & Human Rights Resource Centre (BHRRC), maintains the same reasons for staying. The brand says that its suppliers are required to adopt its code of conduct, which aligns with International Labour Organization conventions and the United Nations' Universal Declaration of Human Rights and is "not subject to any negotiations."

"We are currently undergoing thorough supplier audits in Myanmar; we verify reported cases of abuse very carefully," a spokesperson said, noting that it places "particular" emphasis on occupational health and safety, employment conditions, wages, work hours and freedom of association. "In accordance with the provisions of the code, if violations are detected, we have the right to gradually reduce the number of orders and resign from cooperation with such a supplier or immediately terminate the contract."

Britain's Next, which is linked to two cases in BHRRC's tracker, and Germany-based New Yorker, which is associated with five, did not respond to requests for comment.

Karina Ufert, CEO of the European Chamber of Commerce in Myanmar, which advocates for European businesses operating in the country, believes that responsible sourcing from Myanmar is still achievable.

"We see brands responding to challenges in the operating environment by strengthening their social and environmental responsibility efforts, maintaining engagement with trade unions and labor organizations, and participating in initiatives such as MADE in Myanmar, which currently covers more than 150 supplier factories," she said, referring to a European Union-funded project that promotes social and environmental compliance. "While we acknowledge challenges in Myanmar's garment sector, including instances of excessive overtime and worker migration driven by low wages, positive change can only be achieved through sustained engagement and close collaboration with all stakeholders on the ground, particularly labor representatives, who continue playing a vital role in improving working conditions."

But IndustriALL's OECD filings also come just as the International Labour Organization announced that it would be taking action against the Myanmar junta for "non-observance" of conventions relating to forced labor and freedom of association.

The governing body of the ILO, the UN agency said in early November, has decided to place on the agenda of the 113th session of the International Labour Conference in June an “item concerning measures under Article 33 of the constitution to secure compliance by Myanmar” with the recommendations of the 2023 commission of inquiry, which included a cessation by authorities of all forms of violence and other inhumane treatment against trade unionists and the restoration of the protection of basic civil liberties. Member states that fail to comply with Article 33 can face consequences such as economic sanctions and legal proceedings.

“We strongly believe that the ILO must invoke Article 33 and sanction the regime in Myanmar for its failure to uphold basic workers’ rights,” said IndustriALL general secretary Atle Høie. “The ILO Commission of Inquiry of October last year found widespread violations of freedom of association and forced labor conventions. The junta refused to accept the report, and conditions for workers remain terrible, with union leaders killed, in prison or in hiding. The regime is waging a civil war against its own population and must be held to account.”

IndustriALL, whose framework for responsible business disengagement many exiting brands have referred to, will continue to review the situation in Myanmar, it said. That includes looking at other brands sourcing there.

“There is significant evidence of systemic violations of workers’ rights and brands that remain in Myanmar cannot claim ignorance of the abuses,” Høie said. “The largest global brands have already left the country—brands that stay prioritize profits over human and workers’ rights. We are considering filing further complaints regarding other brands that remain.”

Source: sourcingjournal.com– Nov 26, 2024

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Primark sells 66% of clothes made from sustainable materials in 2023

Primark's third annual Sustainability and Ethics Progress Report has revealed that over the past 12 months, two-thirds (66 per cent) of clothes sold were made from recycled or more sustainably sourced materials. The company has also made progress in tackling textile waste by introducing more clothes that are recyclable at the end of life, showcasing how it is embedding sustainability commitments and delivering real impact.

This year, the international fashion retailer has focused on scaling the volume of its clothes that are circular by design in categories such as denim and jersey and continued to embed its product guidelines on circularity by training colleagues and suppliers. 3 per cent of clothes sold in Primark over the past 12 months were circular by design, meaning they met the criteria set out in Primark’s Circular Product Standard, including items in the Rita Ora and Disney’s The Lion King ranges.

Challenging the perception that longer-lasting clothes cost more, Primark has also launched its Durability Framework this year. Despite the EU’s focus on product durability, along with the higher cost of living and the impact of textile waste on the environment, there is currently no agreed industry or legal standard for physical durability. Backed by research from environmental charity Hubbub and the University of Leeds (UOL) School of Design, Primark’s Durability Framework is designed to set the bar for how fashion retailers can help consumers get more out of their clothes.

Lowering carbon emissions across its value chain during the last 12 months is a key achievement for Primark, having set out an ambition to halve carbon emissions across its value chain by 2030. Primark’s Scope 1 and 2 (market-based) emissions reduced by 21 per cent in 2024, compared to 2023, and were 52 per cent lower than the 2019 baseline.

This reduction was achieved through energy efficiency measures in its stores and the procurement of renewable and low-carbon electricity. Primark achieved a 1.9 per cent reduction in total carbon emissions across its value chain since its 2019 baseline year and an 11.6 per cent decrease since last year. The retailer expects this reduction to fluctuate in the short-term as the company expands.

As cotton is the most used fibre in Primark clothing, evolving the Primark Cotton Project (formerly the Primark Sustainable Cotton Programme) and training cotton farmers on more regenerative agricultural practices is an ongoing focus.

Approximately 3,000 farmers have completed a pilot project across India, Bangladesh and Pakistan this year. They were trained in how to use biological alternatives to chemical pesticides and how to introduce cover crops that protect soil and create new revenue streams. Primark has developed a roadmap to 2030 to drive further uptake of regenerative agriculture within the Primark Cotton Project.

"Our sustainability commitments belong to all of us at Primark and we're starting to see real impact. The progress we've made in the three years since we launched our Primark Cares strategy has given us the confidence to be proud of the work we are doing. As a brand for everyone, we know we have a huge responsibility to use our scale for good.

Taking the lead on durability across the industry and proving that more sustainable and longer-lasting clothing doesn't have to cost more, has been a significant achievement for us. Continuing to learn as we gather insights and data from across the Primark business and forging meaningful collaboration across the industry will be critical to achieving our 2030 ambitions," commenting on the latest impact data, Lynne Walker, director of Primark Cares, said.

Source: fibre2fashion.com– Nov 26, 2024

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China-Cambodia trade in Jan-Oct 2024 worth $14.4 bn; up 19% YoY

China-Cambodia trade in the first ten months this year was worth $14.4 billion—a rise of 19 per cent year on year (YoY). Imports from Cambodia to China grew by 20 per cent YoY during the period, according to the Chinese embassy in Cambodia.

Bilateral trade reached $11 billion in the first three quarters this year—a 22-per cent increase YoY.

Between January and October this year, Chinese enterprises signed investment agreements in Cambodia worth nearly $3 billion, Zhong Jie, economic and trade adviser at the embassy, said. China has been the country's largest source of foreign direct investment (FDI) for 12 consecutive years, she said.

By the second quarter this year, the total FDI of $23 billion from China accounted for about 47 per cent of the total FDI, with the majority directed towards manufacturing.

"The 'Diamond Hexagon' cooperation framework has become more robust, and significant progress has been made in the development of the 'Industrial Development Corridor' and the 'Fish and Rice Corridor,' bringing tangible benefits to both countries," she was quoted as saying by a news outlet.

Source: fibre2fashion.com– Nov 27, 2024

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The Next Phase of Sustainable Life Saving Textiles

Textiles are moving into the next phase of sustainability to save humans, the environment, and the planet.

On Nov. 26, I delivered an invited keynote lecture on "Sustainable Life Saving Textiles" at the 7th International Conference on Sustainable Textiles, at UET Lahore. The talk focused on how textiles can contribute to One Health Initiatives, serving people, the environment, and the planet.

This conference comes at a time when threats and war situations linger in some parts of the world, which necessitates functional textiles. There is a need to reduce plastic pollution while being sustainable.

The recent United Nations Climate Conference COP29 stressed the importance of protecting the planet and livelihoods of millions in the developing world. This emphasizes the contributions from agriculture, textiles, and sustainable manufacturing.

Textiles provide livelihood to millions of people, stretching from farming crops like cotton to developing high performance materials that go into space.

The textile sector needs to explore opportunities to develop economically and materially sustainable products that can contribute to One Health Initiatives.

Source: cottongrower.com– Nov 26, 2024

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ICE cotton continues to rise on fourth session in a row

ICE cotton gained on Monday, the fourth consecutive session since May 18, 2023. Weaker dollar index and strong export sales boosted cotton prices. However, decline trend in crude oil was the pressure point for US cotton as cheaper polyester fibre capped gains in ICE cotton prices.

Yesterday, ICE cotton March 2025 contract settled at 71.72 cents per pound (0.453 kg) up by 0.95 cents. Earlier in the session, the contract hit a highest level of 71.99 cents since November 12. December contract rose by 1.55 cents, while other contracts gained up to 0.83 cent.

Dollar index eased by 0.61 per cent to 106.83, which was 1 per cent below its two-year high from last Friday. Falling dollar made cotton purchase affordable for overseas buyers. Crude oil prices dropped by over $1 per barrel on Monday. It reduced cost of production of polyester, which is man-made substitute of cotton.

Analysts said that weaker dollar and higher exports sales from the US are driving factors for the natural fibre. The trading volume on November 25 reached 49,810 contracts, with 29,105 contracts cleared last Friday. ICE deliverable cotton inventories remained at 13,274 bales as of November 22, unchanged from the previous day.

USDA (US Department of Agriculture) reported that US cotton harvesting reached 84 per cent completion, compared to 77 per cent the previous week, 81 per cent in the same period last year, and the five-year average of 80 per cent.

At present, ICE cotton for March 2025 was traded at 71.40 cents per pound (down 0.32 cent). Cash cotton was settled at 67.72 cents (up 0.95 cent), the December 2024 contract at 73.20 cents per pound (up 1.55 cent), the May 2025 contract at 72.45 cents (down 0.27 cents), the July 2025 contract at 73.34 cents (down 0.34 cent), and the October 2025 contract at 72.33 cents (up 0.68 cents). A few contracts remained at the level of the last closing, with no trading noted today.

Source: fibre2fashion.com– Nov 26, 2024

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HSBC study report urges Bangladesh to diversity export basket

Bangladesh should diversify its export basket beyond garments to include pharmaceuticals, leather goods, jute products and agro-processed goods, HSBC Bangladesh recently suggested in a study report titled 'Navigating New Opportunities: Analysis of the UK–Bangladesh Trade Dynamics'.

The UK Developing Countries Trading Scheme (DCTS) is highlighted as essential for deeper integration into global supply chains. This will also ensure Bangladesh retains preferential access to the UK market after it graduates from the least developed country (LDC) status in 2026, the report noted.

The report also stresses on the need for infrastructural development in ports, logistics and digital systems to facilitate smoother bilateral trade. Aligning regulatory frameworks and fostering skill development through partnerships is also mentioned as vital to sustaining this synergistic partnership.

Over 240 British businesses hold key investments in Bangladesh in diverse fields ranging from textiles, banking to education.

Commissioned by HSBC, the study initiated in November last year was conducted by EY Bangladesh and Quay Asia, according to Bangladesh media outlets.

Source: fibre2fashion.com – Nov 26, 2024

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Pakistan: Textile sector under pressure to adopt ESG principles

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has emphasised the need for a collaborative approach in policymaking by uniting key stakeholders such as government ministries, academic institutions and industrial bodies.

The request was made by PRGMEA North Zone Chairman Dr Ayyazuddin in a letter addressed to Federal Minister for Commerce Jam Kamal Khan.

The letter was also sent to the Senate and National Assembly standing committees on climate change and human rights. He said that the textile industry, which contributed $16.5 billion annually to Pakistan's exports and served as a cornerstone for employment generation, was facing increasing global pressure to align with environmental, social and governance (ESG) principles.

Highlighting the importance of international frameworks like the Corporate Sustainability Due Diligence Directive and International Labour Organisation (ILO) conventions, Ayyazuddin called the evolving global standards both a challenge and an opportunity for Pakistan's exporting industries. He pointed out that PRGMEA had taken a proactive step towards addressing the pressing challenges of social and environmental sustainability in the textile sector. He underlined the need for engaging representatives from the government, academia and industry associations to develop actionable strategies.

He also proposed the establishment of two task forces under the National Compliance Centre – one dedicated to addressing textile export challenges and the other tasked with dealing with non-textile export sector issues – to ensure targeted solutions for sector-specific governance concerns.

Source: tribune.com.pk– Nov 27, 2024

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Pakistan: Volume of business improves on cotton market

The local cotton market remained easy and the trading volume remained satisfactory.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 16,000 to Rs 17,500 per maund. The rate of Phutti in Sindh is in between Rs 6,500 to Rs 8,200 per 40 kg.

The rate of cotton in Punjab is in between Rs 16,700 to Rs 17,600 per maund. The rate of Phutti in Punjab is in between Rs 7,000 to Rs 8,300 per 40 kg.

The rate of cotton in Balochistan is in between Rs 16,500 to Rs 19,000 per maund. The rate of Phutti in Balochistan is in between Rs 7,400 to Rs 9,400 per 40 kg. The rate of Balochi Cotton is in between Rs 18,500 to Rs 18,800 per maund. The rate of Primark cotton is in between Rs 19,000 to Rs 19,900 per maund.

800 bales of Saleh Pat were sold at Rs 17,500 per maund, 1600 bales of Mian Wali were sold in between Rs 16,700 to Rs 18,000 per maund, 1000 bales of Dera Ghazi Khan were sold at Rs 17,900 per maund (Balochi), 400 bales of Sadiqabad were sold at Rs 17,300 per maund, 2400 bales of Fort Abbas were sold at Rs 17,000 to Rs 17,350 per maund, 400 bales of Chishtian were sold at Rs 17,300 per maund, 1800 bales of Haroonabad were sold at Rs 16,800 to Rs 17,400 per maund, 400 bales of Dharan Wala were sold at Rs 17,300 per maund, 2600 bales of Yazman Mandi were sold in between Rs 17,200 to Rs 17,300 per maund, 200 bales of Nur Pur Nuranga, 200 bales of Ali Pur were sold at Rs 17,300 per maund, 1800 bales of Faqeer Wali were sold in between Rs 16,700 to Rs 17,000 per maund, 400 bales of Tounsa were sold at Rs 17,400 per maund, 400 bales of Rahim Yar Khan were sold at Rs 18,300 per maund, 1000 bales of Chichawatni were sold at Rs 17,400 to Rs 17,600 per maund and 200 bales of Haroonabad were sold at Rs 17,000 per maund.

The Spot Rate remained unchanged at Rs 17,400 per maund. Polyester Fiber was available at Rs 357 per kg.

Source: brecorder.com– Nov 26, 2024

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NATIONAL NEWS

India, EU gear up for 10th round of FTA negotiations

India-EU free trade talks gain momentum amid global shifts, with sustainability issues still a key hurdle. Both sides express renewed eagerness to progress

Fresh momentum in India-European Union (EU) free trade negotiations has emerged against the backdrop of global uncertainties and shifting geopolitical equations after the US presidential elections, as top negotiators from both sides met in Brussels recently to prepare for the 10th round of talks.

The 27-member European bloc sees India, with its democratic values and robust economy, as a natural trade partner to ensure trusted supply chains amid turbulent global conditions, according to officials familiar with the matter.

"India is the go-to country for most of the developed world amid an expected change in trade dynamics after President Trump assumes power in January. EU would not like to miss the bus after investing over two years in negotiating an FTA with India since June 2022," said a person close to the negotiations.

Sustainability regulations like labour standards, deforestation rules and carbon tax have been key stumbling blocks despite nine rounds of talks, with the Europeans insisting these be seen as trade matters. "India is not averse to the idea of environment protection. In fact, it is committed to fulfil the obligation by 2070. But, clubbing these in the free trade deal would amount to putting non-tariff barriers in a sly, which was not acceptable," the official said, and added that "it seems that some convergence on this matter is seen recently, which is indeed a positive sign".

A second person aware of the matter said that "things have changed after the outcome of the US presidential election in early November. The eagerness and positive signs were visible during commerce secretary Sunil Barthwal's recent meeting with senior EU officials and European diplomats."

Commerce secretary Barthwal met EU director general Sabine Weyand in Brussels on November 21, where both sides showed renewed eagerness. They discussed FTA negotiations progress, cooperation under the India-EU Trade and Technology Council, and market access issues.

While EU seeks zero-duty market access for its goods in India with reciprocal benefits, inclusion of sustainability measures like carbon tax could potentially nullify trade advantages for Indian exporters. Key concerns include the Carbon Border Adjustment Mechanism (CBAM) and EU deforestation regulation (EUDR).

The carbon tax burden for India is estimated at 0.05% of GDP, according to a July report by the Centre for Science and Environment. The EU is India's second-largest export destination, receiving merchandise exports worth $76 billion in 2023-24, while India imported goods valued at over $59 billion.

CBAM could lead to tariffs of up to 35% on carbon-intensive Indian exports like cement, aluminium, fertilisers, chemicals, iron and steel. The tax, being implemented in phases from October 2023, becomes fully effective January 2026.

Meanwhile, EUDR's implementation deadline for deforestation-free certification of products like cattle, wood, cocoa and derived goods has been extended by a year to December 30, 2025.

Source: hindustantimes.com– Nov 27, 2024

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View: Getting out of a diplomatic snafu over ecommerce

Increasing protectionist policies by India could threaten to upset the delicate balance of international trade relations, the world watches with bated breath. The US, already vocal about India's trade practices, might retaliate with tariffs on Indian goods, affecting exports, and livelihoods.

Indian ecommerce is at a crossroad with local retailers up in arms against MNCs, particularly those from the US. The recent reported actions against e-commerce vendors and players have sparked concerns about the impact on the domestic market.

India's ecommerce market is set to grow to $325 bn, and the digital economy to reach $800 bn by 2030, driven by increasing internet penetration, low-cost smartphones, and GoI initiatives like 'Make in India' and 'Startup India'. This growth has attracted MNCs like Amazon and Walmart, which have invested heavily in the Indian market.

Local retailers are worried about the dominance of MNCs in the ecommerce space, which they believe threatens their livelihoods. They argue that these companies enjoy unfair advantages, such as access to cheap capital, advanced technology, and global supply chains. Retailers are seeking government intervention to level the playing field.

Donald Trump's re-election has significant implications for India-US trade relations. During his first term, Trump imposed tariffs on Indian goods, steel and aluminium, and terminated India's preferential market access, Generalised System of Preferences (GSP) -- alleging India has not given the US 'equitable and reasonable access to its markets'.

The US administration is likely to prioritise American business interests, which could lead to increased tensions with India. During his first presidency, Trump said Harley-Davidson executives informed him of the 100% tariff imposed on their motorcycles by India. Any resistance from India may be dealt with an iron-fisted manner, potentially harming the country's ecommerce industry.

The US has been vocal about India's trade practices, and retaliation could be on the cards. Imagine a scenario where US companies with significant investments in India, are forced to reevaluate their presence. The consequences would be far-reaching, affecting not just business but also diplomatic ties.

A trade war could be a challenge to India's economy. The US could impose tariffs on Indian goods, affecting exports and ultimately, the lives and livelihoods of millions as it has a history of playing hardball, as seen during Trump's first term. The stakes are high, and India must tread carefully.

Beyond diplomatic fallout and economic losses, there's a human cost to consider. Jobs will be lost, and consumers will suffer as prices rise due to tariffs and trade restrictions. The very people India's policies aim to protect – small retailers and local businesses – might end up bearing the brunt.

By adopting a balanced approach, India can protect local interests while attracting foreign investment, promoting economic growth, and maintaining diplomatic harmony. GoI must balance any protectionism with the need for foreign investment. While concerns raised by CCI must be addressed, it shouldn't escalate into a witch-hunt by investigative agencies, creating fear and deterring foreign investment.

India should engage with key stakeholders to address concerns and find mutually beneficial solutions. An inclusive approach and focus on clear regulations, which are both transparent and predictable, should ensure capital in-flow benefitting the Indian economy in the future.

Source: economictimes.com– Nov 26, 2024

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No CBAM exemption for India but EU ready for flexibilities

India is unlikely to get a derogation from the EU's carbon border adjustment mechanism (CBAM). Instead, what the EU may be willing to offer are flexibilities and alternative mechanisms such as equivalent measures, capacity building and funding as both sides agree to address the "uncertainty" element in the on-going bilateral free trade agreement talks.

"In the on-going India-EU FTA talks, while the bloc is looking for certainty from India in the area of tariffs, India has argued that EU regulations which are coming in the future and creating an uncertain environment have to be addressed. The EU acknowledged that a solution has to be found," a source tracking the India-EU FTA negotiations told businessline.

The EU regulations that would act as barriers most significantly include the CBAM, where carbon taxes are to be imposed on seven identified imports including steel, aluminium and cement, from 2026, and also the Deforestation Regulation, which has now been deferred.

Next round of talks

Commerce Secretary Sunil Barthwal visited Brussels last week for a stock-taking meeting on the India-EU FTA with the EC's DG Trade. The tenth round of negotiations is tentatively scheduled in the first quarter of calendar year 2025.

"The stock taking meeting was constructive. There was an understanding on both sides that flexibility needs to be shown. The EU's interest is reduction of tariffs while India's is reduction of trade barriers. The point is that if the EU provides market access and then the regulations come up acting as barriers, then the deal loses its commercial significance for India. Brussels seems to understand the problem," the source said.

'Fair' price

While the EU is not quite ready to give India an exemption from CBAM, which it says is a "fair" price on carbon emitted during production of the identified items exported to the bloc and is applied across countries, it is ready to examine alternatives to help the country deal with it, the source pointed out.

"Alternative means such as mechanisms for mutual recognition in terms of equivalent measures that can be implemented here, capacity building and funding are now all up for discussion. There is a recognition that this problem is critical and needs a solution. India is not being told that there is no solution, and you fall in line," the source said.

Per estimates made by some analysts, about 10 per cent of India's exports to the EU are at present of commodities covered under CBAM and imposition of carbon taxes (which could be 20-35 per cent) may cost the country up to 0.05 per cent of GDP.

India has insisted that the principle of 'common but differentiated responsibilities' applicable in the UN climate talks, where developed economies need to take more responsibility, should apply throughout in the India-EU FTA negotiations, the source said.

The EU is India's largest trading partner, accounting for €124 billion worth of trade in goods in 2023. Both sides expect a significant boost in their exports once the FTA is implemented, with the EU pushing India to offer it greater tariff exemptions than in any of its past trade pacts.

Source: thehindubusinessline.com– Nov 26, 2024

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US, EU consumer confidence boosts apparel sales as India's exports rise: Wazir Advisors report

The US and EU continued strong apparel import growth in September. It went up 9 per cent and 13 per cent YoY, respectively, highlights Wazir Advisors latest apparel consumption and trade data for major supplier and buyer nations. The monthly study 'Apparel trade scenario in key global markets and India' highlights the US and EU continued strong import growth in September 2024.

Imports and exports on the rise

In September 2024, the US and EU registered strong import growth in apparels while smaller markets like the UK and Japan registered a decline with year-on-year decreases of 11 per cent and 15 per cent, respectively.

At the same time, both China and India recorded significant export growth in October 2024. China's exports went up 9 per cent year-on-year, while India's exports saw remarkable 35 per cent increase. The report also highlights, with significant growth in October, India's projected exports will range between $15.5 billion and $16 billion, which is around 8-10 per cent increase over 2023.

Interestingly, a look at the share of major suppliers in key markets reveals, the scenario has not changed much in the US market. China still leads with almost 22 per cent market share since 2022 to 2024. Vietnam, Bangladesh, India in that order remained the other top suppliers to the US with 18 per cent, 9 per cent and 6 per cent share since 2022. The scenario is similar in the EU with China leading the pack. However, in the UK, China's share has gone up since 2023 from 19 per cent to 27 per cent in January-September 2024. Bangladesh's share has fallen from 15 to 11 per cent. India continues to be the fifth largest supplier with around 4 per cent share.

Mixed retail performance

The study also delved into US and UK apparel sales in October. It revealed US apparel store sales were around 2 per cent higher than the previous year, while home furnishing store sales were up by 11 per cent. However, online clothing and accessory sales dropped by 2 per cent in Q3 2024 compared to the same period in 2023.

Meanwhile, the US inflation rate slightly increased to 2.6 per cent in October, and job growth was modest due to factors like the Boeing strike and hurricanes. Nevertheless, consumer confidence grew to 108.7, reflecting optimism about potential interest rate cuts. What's more, for last several quarters, several major retailers including Walmart, Target, Kohl's among others, have reported lower inventory levels compared to same period in the previous year.

In the UK on the other hand, apparel store sales in September 2024 increased by 5 per cent year-on-year, reaching £4.5 billion. However, UK clothing e-commerce sales experienced a 6 per cent decline in Q3 2024 compared to Q3 2023.

The study indicates, global apparel trade in October 2024 was mixed. While major markets like the US and EU continued to drive import growth, smaller markets faced challenges. India's impressive export performance, particularly in October, highlights its growing prominence as a global apparel supplier. The US retail sector showed signs of resilience, with physical store sales increasing. However, the decline in online clothing and accessory sales suggests a shift in consumer preferences. In the UK, while physical store sales grew, e-commerce sales contracted, indicating a potential slowdown in online shopping.

The US economic indicators, including a modest job growth and rising inflation, point to a cautious outlook. However, the rise in consumer confidence suggests optimism about future economic prospects. Moving forward, it will be crucial to monitor the impact of geopolitical factors, economic conditions, and consumer behavior on the global apparel trade and retail industry.

Source: fashionatingworld.com– Nov 25, 2024

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India Could See December Port Strikes Over Unmet Assurances

At India's ports, action could be heating up.

On Nov. 23, The National Coordination Committee of Six Federations of Port and Dock Workers met in the Indian state of Goa to discuss their disdain for the fact that the government has failed to implement promises made in an effort to avert a previously threatened port strike.

At the meeting, the group, which is made up of the All-India Port and Dock Workers Federation, the Water Transport Workers Federation of India, the Port Dock and Waterfront Workers Federation of India, the Indian National Port & Dock Workers Federation and Bharatiya Port and Dock Mazdoor Mahasangh agreed that a strike is now back on the table.

If the strike should happen, it would begin on Dec. 17 and would be indefinite. Ahead of that date, union bosses plan to hold protests at the ports on Dec. 5 as a show of their angst.

The potential strike comes as a result of a reported failure on the part of the Indian government to force state-owned ports to implement the provisions outlined in the previously agreed upon settlement, which ended threats over an August port strike. Without the implementation, workers don't reap the benefits of the negotiated contracts, particularly around increased wages and retirement benefits.

"We don't know what is [the] reason for [the] delay," a member of the union said at the meeting.

One representative from the All-India National Port and Dock Workers Federation said that the unions usually renegotiate workers' contracts with the ports every five years. Typically, the agreed-upon settlement is then distributed to the ports, which are expected to put forth the required benefits to their respective employees. This time around, the Indian Ports Association (IPA) has failed to act since the final settlement was reached in late September, he said.

"Strangely, for reasons best known to some people in IPA, [they] were supposed to circulate this [settlement]...They did not do it, and we were kept under darkness. All the federations have written letter after letter, that already two months have elapsed and nothing is done. The only thing [they have to do] is forward this settlement to the respective ports, but they have not done it," he said. "We are left with no option but to go for the indefinite strike from Dec. 17 onwards."

The main pieces of the issue center around wage adjustments, pensionary promises and a retroactive productivity linked reward (PLR) scheme, which was designed to give workers a boost in pay for the work they did from 2020 onwards.

A revised version of the PLR was approved by the Union Cabinet of the Indian government in October. However, Infra.com reported that the unions noted that some of the ports' former employees, who had already been retired by the time the benefits came along, did not receive the retroactive rewards they were owed.

"It is painful to note that till today no action appears to have been taken by the concerned to conclude a settlement before the labor authorities under the [Industrial Disputes] Act on the PLR scheme as envisaged in the MoU," the unions reportedly said.

Retirees impacted by the government's purported lack of action on the pension-related pieces of the settlement still in limbo, as well as by the uncertainty over the PLR, have made plans to demonstrate at the ports on Dec. 10.

As a result of the Goa meeting, the unions have decided that they and their affiliates will pen letters to the state-owned ports' chairs to demand that the PLR and wage adjustment settlements be fully implemented by Dec. 15. If the ports fail to meet those demands by that time, the strike will ensue.

The threat comes just after positive October reporting from India's ports; the value of the country's exports increased 17 percent year over year, a welcome sign for authorities keen on the double-digit growth after seeing slimmer margins of growth earlier in the year.

Source: sourcingjournal.com– Nov 26, 2024

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New textile policy in A.P. aims to attract ₹10,000 crore investment

The policy aims to focus on weaving, processing, garments, and incentives for integrated units and create employment opportunities for 2 lakh people

The Andhra Pradesh government will launch a new textile policy soon. The government aims to attract investments to the tune of ₹10,000 crore to the textile sector.

Chief Minister N. Chandrababu Naidu chaired a review meeting on the new textile policy at the Secretariat on November 26 (Tuesday).

The draft policy was approved and the Chief Minister asked the officials to present it to the Cabinet soon. Mr. Naidu also reviewed the Leather Policy and suggested further deliberations on it.

Speaking on the occasion, the Chief Minister emphasised that the new policy must be more effective than the 2018-2023 policy and suggested that it should create widespread employment opportunities, particularly for women, at the grassroots level.

“The new policy will make Andhra Pradesh the best destination for investments in the textile industry,” he said.

The policy aims to create 2 lakh employment opportunities, particularly focusing on weaving, processing, garments, and integrated units by offering incentives. The policy will provide capital subsidies and additional incentives for SC, ST, BC, minorities, and women.

Source: thehindu.com– Nov 26, 2024

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Rupee-Rufiyaa trade

The Memorandum of Understanding (MoU) recently signed between the Reserve Bank of India (RBI) and the Maldives Monetary Authority (MMA) is a pivotal move that enables the use of the Indian Rupee (INR) and Maldivian Rufiyaa (MVR) for bilateral trade settlements. While the benefits are substantial, the success of this framework will hinge on addressing potential challenges with prudence and foresight.

India, as one of the Maldives' largest trading partners, supplies essentials such as food, construction materials, pharmaceuticals, and machinery, while the Maldives primarily exports fish and tourism services to India.

Facilitating trade in local currencies presents significant advantages, enhancing efficiency and reducing costs for both nations.

Reduction in Transaction Costs: Traditionally, trade transactions involve conversion via a third-party currency, predominantly the US Dollar, incurring considerable forex costs. This framework eliminates such conversion needs, reducing financial burdens on businesses, particularly small and medium enterprises (SMEs) operating on tighter margins.

Enhancement of Trade Efficiency: The initiative minimises settlement times, ensuring faster payments for exporters and importers.

Strengthening Bilateral Trade Stability: With the Maldives relying heavily on imports, this framework fosters a more predictable trading environment by shielding businesses from global currency fluctuations. For India, it aligns with the strategic goal of internationalizing the Indian Rupee and deepening regional economic ties.

Boosting Local Currency Markets: Promoting INR-MVR trading within the foreign exchange market strengthens both currencies and enhances their economic sovereignty.

Supporting Regional Economic Integration: This MoU reflects India's 'Neighbourhood First' policy, emphasizing mutual growth and collaboration.

The challenges

Some of the challenges that need to be addressed are:

Currency volatility: Robust hedging mechanism for both the INR and MVR are vital to curb volatility risks.

Liquidity constraints: The nascent INR-MVR trading pair lacks sufficient liquidity. Developing a mature market will require coordinated efforts from financial institutions in both countries and active participation from the private sector.

Regulatory and operational complexities: Seamlessly integrating regulatory frameworks for invoicing, settlements, and dispute resolution is essential.

Resistance to change: Businesses accustomed to trading in US Dollars may initially resist adopting local currencies due to perceived risks or lack of familiarity. Awareness campaigns and incentives for early adopters will be crucial to overcoming this inertia.

Dependence on economic stability: The framework's success hinges on sustained macroeconomic stability in both nations.

Maldives' heavy reliance on imports and tourism-based foreign exchange inflows makes it vulnerable to global currency fluctuations. By stabilising trade transactions, the local currency framework could provide a buffer against external economic shocks and preserve forex reserves.

For India, this partnership represents an opportunity to showcase the Rupee's role as a regional currency and to enhance its influence in South Asia.

Additionally, both countries are members of organizations like South Asian Association for Regional Cooperation (SAARC) and the Indian Ocean Rim Association (IORA), which provide broader platforms for advancing such initiatives. The success of this framework could serve as a model for similar agreements with other neighbouring nations.

Source: thehindubusinessline.com– Nov 25, 2024

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