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Currency Watch			
USD	EUR	GBP	JPY
84.56	89.48	107.76	0.56

INTERNATIONAL NEWS

INTERNATIONAL NEWS

Tariffs and Implications: Is a trade war looming with the US targeting key trade partners?

The textile and apparel industry in the US is deeply embedded in the global supply chain, heavily reliant on imports from nations like China, Mexico, and Canada. Recent developments, including proposed tariffs by former President Donald Trump targeting these key trading partners, have sparked concerns about an impending trade war.

Current import scenario

The US textile and apparel market depends heavily on imports, with China, Mexico, and Canada among its largest suppliers. China dominates the global textile market due to its vast manufacturing infrastructure and competitive pricing. However, its share in US imports has been declining as buyers diversify. The 10 per cent tariff on Chinese imports is seen as retaliation for alleged Chinese complicity in fentanyl smuggling and trade imbalances.

Mexico and Canada as USMCA members benefit from tariff-free or reduced-tariff trade. Their proximity enables faster delivery times, critical for just-in-time inventory strategies. The tariff that includes 25 per cent on imports from Mexico and Canada is being justified by incumbent US President Trump as a response to drug trafficking and illegal immigration. Meanwhile Vietnam, Bangladesh, and India are steadily capturing more of the US market, leveraging their expertise in cost-efficient manufacturing and niche products like knitwear and home textiles.

While the tariffs aim to address political concerns, their economic repercussions could be far-reaching.
Potential and economic impact

• Cost increases for US consumers: Tariff imposition would raise the landed cost of goods, translating to higher retail prices for textiles and apparel. Given that clothing is a staple, this could disproportionately affect low-income consumers, who spend a larger share of their income on necessities.

• Supply chain disruptions: Tariffs could compel businesses to rapidly reconfigure supply chains, potentially sourcing from Southeast Asian nations like Vietnam and Bangladesh. However, such shifts are neither instant nor cost-free, leading to potential delays and increased operational complexities.

• Retaliatory tariffs: Key trading partners, including Canada and Mexico, have hinted at retaliatory tariffs on US goods. Canada's Deputy Prime Minister Chrystia Freeland noted that critical US exports—oil, minerals, and agricultural products—could face tariffs, escalating trade tensions and harming American industries.

• Domestic industry prospects: While proponents argue that tariffs could revitalize US textile manufacturing, the industry's dependency on imported raw materials and machinery complicates this narrative. High production costs and limited capacity make it unlikely that domestic manufacturing could fill the gap.

Geopolitical reactions

The proposed tariffs have drawn sharp responses from all three countries. Canadan Prime Minister Justin Trudeau emphasized that retaliatory measures could jeopardize cross-border economic ties. Provinces like Ontario and Alberta have also raised alarms about the potential harm to their economies. Mexico's President Claudia Sheinbaum criticized the move, underscoring that tariffs would strain bilateral relations and undermine efforts to address migration and drug issues collaboratively. China officials have warned of the dangers of a trade war, arguing that economic cooperation is mutually beneficial and that punitive measures would harm both economies.

Global implications

Countries like Vietnam, Bangladesh, and India could benefit from tariffs as US companies move away from China, Mexico, and Canada. However, their capacity to scale production to meet demand remains uncertain. Moreover, a shift in trade dynamics could further polarize global trade blocs, intensifying competition among emerging economies.

The tariffs, coupled with retaliatory measures, could also lead to significant volatility in global markets. Currency fluctuations, such as the recent depreciation of the Canadian dollar and Mexican peso, underscore the financial instability such policies can provoke.

The proposed tariffs on textile and apparel imports from China, Mexico, and Canada reflect a complex intersection of economic and political objectives. While they aim to address pressing concerns such as immigration, drug trafficking, and trade imbalances, the potential costs—including higher prices, supply chain disruptions, and strained international relations—are substantial.

As history suggests, trade wars rarely produce clear winners. The US textile and apparel industry, already grappling with global competition and evolving consumer demands, now faces additional uncertainty. Policymakers must weigh the short-term gains of protective tariffs against the long-term risks to economic stability and international goodwill. The key question remains: Can the US afford to unravel decades of trade integration in pursuit of contentious policy goals?

Source: fashionatingworld.com– Nov 29, 2024

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US economy projected to expand by 2% in next 2 years: S&P Global

The US economy is projected to expand by 2 per cent in the next two years—incorporating partial implementation of President-elect Donald Trump's proposed policies—following 2.7-per cent growth this year, according to S&P Global Ratings.

It expects growth to come in at 2.3 per cent in 2024 and 1.9 per cent in 2025, down from 3.2 per cent in the fourth quarter (Q4) of 2023.

The rating agency expects the US Federal Reserve (Fed) to reduce the federal funds rate more gradually than what it had considered in its September forecast update and reach an assumed neutral rate of 3.1 per cent by Q4 of 2026.

Uncertainty around the forecasts is high given unknowns about how much of Trump's campaign promises will materialise, it said in a release.

Trump's policy proposals from his campaign, at face value, could result in higher inflation in the near term and lower growth in the medium to long term. And the probability of a disruption to the Fed's easing bias over the next two years has risen, said the release.

It will take time for changes in fiscal, trade and immigration policy to be implemented and affect the economy, it noted.

Inflation is likely to be above the 2 per cent target for longer than the rating agency previously thought. Probability of a disruption to the Fed's easing bias has risen. The federal funds rate is now expected to reach 3.5-3.75 per cent by the end of next year (versus 3-3.25 per cent in the September outlook).

S&P Global Ratings expects nominal holiday sales will slow to about 3 per cent in 2024 from 4.7 per cent last year, which is moderately below the pre-pandemic (2015-2019) average of 3.6 per cent

Nominal retail sales surpassed expectations in October with a 0.4-per cent gain over the month. This provided a good start for consumer spending in Q4 2024.

The US manufacturing sector has been stalled for much of the last two years, with only tentative signs of a rebound. Manufacturers also have a historically elevated amount of inventory and will want to move it before doubling down on increased production, S&P Global said.

Although the US manufacturing sector remained in contraction territory at the start of Q4 2024, S&P Global's manufacturing purchasing managers' index pointed to the downturn easing.

Meanwhile, business sentiment measures improved slightly even before the election outcome was known, but they remain well below historical norms.

The NFIB Small Business Optimism Index recorded a moderate improvement in October--a welcome development, though it did little to boost sentiment, S&P Global added.

Source: fibre2fashion.com– Nov 30, 2024

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Global wage inequality declines, but disparities persist: ILO report

There has been a promising decline in wage inequality in two thirds of countries since 2000, as per a recent report by the International Labour Organization (ILO). However, it emphasises that substantial wage disparities remain across the globe, particularly between high and low income countries.

Wage inequality has decreased at an average annual rate of 0.5 to 1.7 per cent, with the most significant reductions observed in low income nations, where annual decreases ranged from 3.2 to 9.6 per cent over the past two decades, according to the report titled 'Global Wage Report 2024-25: Is wage inequality decreasing globally?'

In wealthier countries, wage inequality has shrunk at a slower pace, with reductions of 0.3 to 1.3 per cent annually in upper middle income countries and between 0.3 to 0.7 per cent in high income countries. Despite the overall decline in wage inequality, the ILO notes that the decrease has been more significant among high wage earners, and the lowest paid workers continue to face considerable challenges.

Globally, the lowest paid 10 per cent of workers earn just 0.5 per cent of the global wage bill, while the highest paid 10 per cent earn nearly 38 per cent. Wage inequality is the highest in low income countries, where close to 22 per cent of wage workers are classified as low paid.

The report also highlights that while global real wages grew by 1.8 per cent in 2023, with projections for 2024 showing a 2.7 per cent increase, regional wage growth remains uneven.

Emerging G20 economies saw stronger wage growth, with real wages rising by 1.8 per cent in 2022 and 6.0 per cent in 2023, while advanced G20 economies experienced a decline in real wages for two consecutive years, with a drop of –2.8 per cent in 2022 and –0.5 per cent in 2023.

Wage workers in Asia and the Pacific, Central and Western Asia, and Eastern Europe saw their real wages increase at a faster pace compared to other regions of the world.

"The return to positive real wage growth is a welcome development. However, we must not forget that millions of workers and their families continue to suffer from the cost of living crisis that has eroded their living standards and that wage disparities between and within countries remain unacceptably high," said ILO director-general, Gilbert F Houngbo.

"National strategies to reduce inequalities require strengthening wage policies and institutions. But equally important is to design policies that promote productivity, decent work and the formalisation of the informal economy," said Giulia De Lazzari, ILO economist and one of the main authors of the report.

The report concludes that reducing wage inequality requires both strong wage policies and structural support for equitable growth, which could help ensure fair wages and sustainable economic growth for workers worldwide.

Source: fibre2fashion.com– Nov 30, 2024

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Drewry WCI drops 2.4% amid slowing global demand & shifting dynamics

The Drewry World Container Index (WCI) composite index declined further by 2.40 per cent to $3,331 per 40-foot container on November 28, 2024, down from $3,413 per 40-foot equivalent unit (FEU) the previous week.

This marks a 68 per cent decrease from the pandemic peak of $10,377 in September 2021 but remains 134 per cent higher than the pre-pandemic average of $1,420 in 2019. The WCI decline reflects shifting geopolitical dynamics and reduced demand for international shipping services.

The year-to-date (YTD) composite index averages $3,966 per FEU, which is $1,116 higher than the 10-year average of $2,850 (inflated by the exceptional COVID-19 period from 2020 to 2022).

The freight rates from Shanghai to Los Angeles decreased 5 per cent or $238 to $4,250 per FEU and those from Shanghai to Rotterdam fell 2 per cent or $74 to $3,997 per FEU. Likewise, rates from Shanghai to Genoa, Shanghai to New York and New York to Rotterdam shrank 1 per cent to $4,490, $5,182 and $789 per FEU, respectively.

Meanwhile, rates from Rotterdam to Shanghai, Los Angeles to Shanghai and Rotterdam to New York remained stable. Drewry also expects spot rates to remain stable next week.

Source: fibre2fashion.com– Nov 29, 2024

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Japan's economy eyes recovery in 2025 amid positive inflation: Report

Japan's economy is showing signs of recovery following a sharp downturn in Q1 2024, with a positive growth trajectory expected in 2025, according to the ASEAN+3 Macroeconomic Research Office (AMRO). Despite inflation remaining above the 2 per cent target for an extended period, a rebound in exports, consumption, and strong wage growth are anticipated to drive growth next year.

AMRO forecasts a modest 0.1 per cent growth for 2024, followed by a 1.3 per cent increase in 2025. The country's inflation, driven by yen depreciation, wage hikes, and the winding down of energy subsidies, peaked at 2.4 per cent in September 2024. However, inflation is expected to moderate slightly to 2.2 per cent in 2025, as energy costs ease.

Japan's external position remains strong, with the current account surplus projected at 4.2 per cent of GDP in 2024 and 4.1 per cent of GDP in 2025, supported by robust exports and primary income surpluses. In 2023, the current account posted a surplus of 3.6 per cent of GDP, while in the first three quarters of 2024, the surplus rose to 5.0 per cent of GDP.

The Japanese government faces challenges in managing fiscal sustainability, with the fiscal deficit projected to widen to 3.2 per cent of GDP in FY2024, up from 2.9 per cent in FY2023. The AMRO report highlights that Japan's high public debt, and an aging population require stronger fiscal consolidation efforts. Policy recommendations include continued gradual interest rate hikes by the Bank of Japan and enhanced fiscal planning to address long-term structural challenges.

The AMRO team emphasised the importance of well-calibrated policies and structural reforms to navigate Japan's transition to a higher inflation environment and ensure sustainable growth in the coming years.

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Freight recession in US continues, Cass Oct report shows

The US freight sector is facing tough times for more than two years, and the scene is getting slightly better for carriers as shippers gain from the continued fall in rates, according to data from Cass Information Systems.

The Cass Freight Report for October showed shipment volumes were down modestly compared to September, while rates were mixed.

The monthly report from Cass and partner Tim Denoyer of ACT Research is based on data from the billions of dollars of freight bills that Cass pays for its shipper clients.

The Cass shipments index, which covers several modes but is weighed towards full truckload, was basically flat in October versus September in seasonally-adjusted terms, falling by just 0.1 per cent. Without seasonal adjustment, the index was down 1.9 per cent. However, shipments declined by 2.4 per cent year on year (YoY) in October after a 5.2 per cent YoY drop in September.

Since the second quarter (Q2) this year, Denoyer has identified a trend weighing on freight volumes for carriers: For-hire fleets likely are seeing soft demand because of significant private fleet capacity additions in the past couple of years. That has led many private fleets to now more actively compete for spot freight to fill empty backhauls.

The expenditures component of the Cass Freight Index, which measures the total amount spent on freight, fell by 1.5 per cent month on month in October, partly due to another decline in fuel prices. The YoY decline was a sharp 5.9 per cent versus 6.6 per cent in September. With shipments down by 1.9 per cent and expenditures falling less, at minus 1.5 per cent, it implies a modest increase in rates.

“As private fleet growth is slowing, it’s worth highlighting the significant capacity contraction by for-hire fleets. In Q3, we estimate the publicly traded fleets were 5.9 per cent smaller than a year ago. While the sequential decline in tractor count slowed, the current low-margin environment is not motivating investment,” Denoyer observed.

Source: fibre2fashion.com– Nov 30, 2024

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Cambodia's market share in Canadian apparel imports strengthens

Canada's apparel imports from Cambodia amounted to $802.827 million in the first three quarters of the current year. This represented 9.75 per cent of Canada's total apparel imports, which stood at $8.232 billion during the same period. Cambodia's share in the total imports saw a slight improvement during this time. The country has consistently ranked as the fourth-largest apparel supplier for Canada over the past several years, with China, Vietnam, and Bangladesh occupying higher positions.

Imports from Cambodia increased by 4.69 per cent compared to $766.954 million in the same period last year. Cambodia retained its position as the fourth-largest apparel supplier, holding a 9.08 per cent market share. Canada's total apparel imports during January–September 2023 amounted to $8.447 billion, indicating a slight increase in Cambodia's market share during the first nine months of the year, according to Fibre2Fashion's market insight tool TexPro.

In 2023, Canada's apparel imports totalled $10.846 billion, with imports from Cambodia valued at $972.518 million, or 8.97 per cent of the total. Cambodia maintained its position as the fourth-largest supplier. Cambodia's market share in Canada's apparel market improved this year, partially regaining some of the share it had lost in the previous year. Cambodia's market share peaked at 10.84 per cent in 2021, when Canadian imports from the country were valued at $1,047.883 million, out of total apparel imports of $9.666 billion.

As per TexPro, Canada's total apparel imports rose to $12.427 billion in 2022; however, Cambodia's share declined to 10.32 per cent. Despite this decline, imports from Cambodia increased to $1,283.002 million. The higher growth in Canada's overall apparel imports outpaced the growth in shipments from Cambodia. In 2020, Canadian imports from Cambodia amounted to $873.093 million, representing 10.07 per cent of total apparel imports of $8.670 billion. Similarly, in 2019, imports from Cambodia were valued at $1,009.641 million, making up 9.99 per cent of total imports of $10.108 billion.

Source: fibre2fashion.com– Nov 30, 2024

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CEAP; both a challenge and an opportunity for the Vietnam’s textiles industry

A cornerstone of the European Green Deal, the EU's Circular Economy Action Plan (CEAP) poses both challenges and opportunities for Vietnam’s textile exports, emphasised experts at a seminar organised by Vietnam's Ministry of Industry and Trade on Nov 27.

CEAP introduces stringent standards that may impact Vietnam’s ability to sustain this momentum. The plan focuses on extending product lifecycles, reducing waste, and promoting resource reuse. A critical regulation, the ‘Ecological Design and Sustainable Products’ directive, will be implemented in July 2024. It requires Vietnamese exporters to adapt their practices across design, production, and waste management to comply with the EU's sustainable production and consumption model.

The regulation impacts key industries such as textiles, plastics, footwear, and electronics. Products that fail to meet requirements, such as incorporating a ‘digital product passport,’ risk being rejected by EU customs.

Despite the challenges, CEAP also presents opportunities for Vietnamese businesses to improve their competitiveness. Dr Mai Thanh Dung, Deputy Director, Institute of Strategy and Policy for Resources and Environment, notes, compliance with CEAP standards could reduce energy and material consumption, extend product lifecycles, and enhance production efficiency.

Nguyen Xuan Duong, Chairman, Hung Yen Garment Corporation, points out, meeting CEAP requirements not only allows businesses to benefit from EVFTA tariff preferences but also attracts new customer segments prioritising sustainability.

Companies investing in green technologies, circular economy principles, and waste management can unlock long-term benefits, including material savings and production optimisation, opines Do Huu Hung, European-American Market Department.

Products compliant with CEAP standards will not only gain access to the lucrative EU market but also build credibility in other global markets where demand for sustainable goods is rising.

In the first eight months of 2024, Vietnam's exports to the EU increased by 17.3 per cent to $34.14 billion, as per figures from the Ministry of Industry and Trade. The EU remains a key market for Vietnamese exports and a significant investor, with 2,500 projects and nearly $28 billion in registered capital.

To maximise the benefits of EVFTA, Vietnamese businesses need to focus on investments in green technology, upgrading production and innovating waste management techniques. Making these changes will help Vietnamese businesses achieve long-term success in a more sustainable global economy, say experts.

Source: fashionatingworld.com– Nov 29, 2024

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Thanksgiving Week E-Commerce Sales Signal Strong Start to Holiday Season

Turkey dinners and televised football games didn't distract Americans much from gift shopping on Thanksgiving Day—at least online.

So suggests the latest sales data from Adobe and Salesforce, which on Friday both weighed in with upbeat reports indicating that holiday shopping is off to a good start. It's being fueled by widespread discounting across the retail industry, in particular in toys, electronics, apparel, appliances, sporting goods and furniture. The compressed calendar leaving only 26 days between Thanksgiving and Christmas this year, compared to 31 last year; stock market gains, and less uncertainty in the air now that the presidential election has been decided have also motivated consumers to shop earlier than last year.

On Black Friday, Adobe reported U.S. consumers spent a record $6.1 billion online on Thanksgiving, up 8.8 percent from last year's $5.6 billion.

But Salesforce reported that U.S. sales online grew 8 percent to $8.1 billion on Thanksgiving, which is $2 billion more than what Adobe reported. While online shopping was good, it's unclear just how good it was given the difference in the online sales reports issued by Adobe and Salesforce. Differences are due to different methodologies, i.e. the size of the shopper base researched, involved in tabulating the results.

Globally, online sales on Thanksgiving grew 6 percent to $33.6 billion, Salesforce indicated. For Black Friday, Salesforce predicted that U.S. online sales would reach $17.7 billion, and $71.5 billion globally.

Salesforce indicated to Sourcing Journal sister publication WWD that its analysis is based on over 1.5 billion global shoppers, over 1.5 trillion page views and hundreds of millions of stock keeping units (SKUs) from 89 countries. "Our data models and algorithms extrapolate to mimic the entire commerce industry as a whole. The calculations we use blend first-party and third-party data, as well as several market assumptions, to generate the data points we present," a Salesforce representative told WWD. "Our comparison data set is filtered for several factors to control for outliers, but our numbers include whatever market factors are taking place at that time, such as inflation."

Adobe indicated that its data reported is based on analyzing commerce transactions online, covering over 1 trillion visits to U.S. retail sites, 100 million SKUs and 18 product categories. “Adobe Analytics is relied upon by the majority of the top 100 internet retailers in the U.S. to deliver and measure shopping experiences online,” the company said in a statement.

Adobe expects consumers will spend a record $10.8 billion online on Black Friday, up 9.9 percent year-over-year. There is a noticeable return to the use of doorbusters to attract early bird shoppers.

Cyber Monday will remain the year’s biggest online shopping day, driving what is expected to be a record $13.2 billion in spend, up 6.1 percent year-over-year, according to Adobe. The majority of U.S. consumers will shop online from 9 a.m. to 3 p.m., accounting for 42 percent of all online Black Friday shopping, Adobe predicted.

Cyber Week (the five-days from Thanksgiving through Cyber Monday) is expected to drive $40.6 billion in online spend, up 7 percent year-over-year, representing 16.9 percent of the overall holiday season, Adobe forecast.

In other Adobe observations, mobile shopping hit “an all-time high” on Thanksgiving, accounting for 59.5 percent of online sales, or $3.6 billion, up 10.5 percent year-over-year, Adobe reported. The most online activity occurred between 8 p.m. and 10 p.m. Thursday night. The software giant also reported that many consumers were opting for more expensive items, particularly in electronics, sporting goods, appliances, toys and personal care products.

“Cyber Week is off to a strong start, where bigger-than-expected discounts on Thanksgiving propelled impulse shopping in categories like electronics and apparel,” Vivek Pandya, lead analyst, Adobe Digital Insights, said in a statement Friday. “As people gathered with family and friends, many were hitting the buy button on their mobile devices, which hit an all-time high for the overall holiday season.”

Regarding best sellers on the day, Adobe listed several, but specifically in soft goods, it was all about accessories, smart watches, skin care sets and makeup products, lounge ware and pajamas, and bedding and linen sets. Adobe also cited increases in Chat Bot usage for shopping assistance, and in consumers taking advantage of buy now, pay later programs.

Adobe maintained that the sales gains are more about increased demand than inflation. Adobe's Digital Price Index shows e-commerce prices have fallen consecutively for 26 months and were down 2.9 percent, year-over-year as of last October.

Black Friday is still the most important day of shopping for most retailers, but it doesn't generate the huge crowds of the past due to stores running Black Friday promotions well in advance of the actual day.

A report from MRI software indicated strong in-store shopping in New York City on Black Friday. As of noon Friday, pedestrian traffic in the city's retail hubs was up 9.1 percent compared with last week and 3 percent higher than Black Friday last year, "showing a very encouraging start post-Thanksgiving," said Jenni Matthews, head of marketing for on location and footfall analytics at MRI, which provides software for real estate owners, operators and investors. "Shopping malls (in the city) appear to have hit the ground running, with pedestrian traffic up until 12 p.m., 67.6 percent higher compared to last week and 1.9 percent higher than Black Friday 2023. This should provide retailers with optimism as consumers look to grab some holiday bargains and really get into the festive spirit, making the most of the events, markets and attractions in retail hubs," said Matthews.

The ICSC forecasts that 241 million consumers, 6 million more than in 2023, will be shopping for gifts. The trade organization is also projecting a 3 percent to 3.5 percent retail sales gains this holiday season, which is consistent with projections from other research organizations and retail analysts, generally forecasting 2 to 4 percent gains.

Source: sourcingjournal.com– Nov 29, 2024

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Vietnam targets textile and apparel exports worth $47-$48 billion in 2025

A rise in year-end demand along with favorable global economic trends have brightened the outlook for Vietnam's textile and apparel sector which aims to achieve exports worth $47–48 billion in 2025.

In 2024, driven by a shift in orders from competitors like China and Bangladesh, and declining inventory levels in key markets such as the US, EU, and Japan, Vietnam's textile and apparel exports increased by 11.2 per cent to $44 billion. However, despite this positive outlook, the sector continues to face challenges like the need for stricter sustainability standards in the EU and US and rising competition in Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) markets. To navigate these hurdles and capitalise on the emerging opportunites, the industry needs to accelerate investments in new technologies, opines Vu Duc Giang, Chairman, Vietnam Textile and Apparel Association (VITAS).

Textile and apparel companies in Vietnam also need to penetrate new markets like the Middle East and South America, adds Nguyen Xuan Duong, Chairman, Hung Yen Garment Corporation (Hugaco). They need to invest in automation besides accelerating digital transformation, adopting greener practices and reducing costs to improve product quality and competitiveness, he states.

Many firms in Vietnam have bagged confirmed orders through Q1 2025, with negotiations extending into the latter half of the year. This renewed consumer demand is being driven by recovering export markets, particularly in the US, notes Le Tien Truong, Chairman, Vietnam National Textile and Garment Group (Vinatex). Political instability in competing nations such as Bangladesh and Myanmar is also helping Vietnam capture shifting orders.

To sustain growth, Vietnam needs to manage input costs, optimise labor resources and respond to fluctuating exchange rates, adds Truong. Firms need to also embrace sustainability, digitalisation, and automation to meet evolving buyer expectations, he affirms.

Source: fashionatingworld.com– Nov 29, 2024

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Bangladesh risks 20% export drop to EU due to EVFTA, end of LDC: RAPID

Bangladesh may face a 20 per cent drop in exports to the European Union (EU) if it fails to implement effective policies in a timely manner compared to its close competitors, Abdur Razzaque, chairman of Research and Policy for Development (RAPID) told a recent discussion.

The country's upcoming graduation from the least developed country (LDC) status and the EU's Free Trade Agreement with Vietnam (EVFTA) may also slow export growth further, he said.

RAPID, with support from Germany's Friedrich Ebert Stiftung (FES), organised the discussion with the theme 'The EU-Vietnam Free Trade Agreement: Implications for Bangladesh's Export Competitiveness'.

The cumulative impact of higher tariffs following LDC graduation and Vietnam's diversified trade strategies are expected to significantly affect Bangladesh, he said.

These factors could potentially reduce the country's gross domestic product (GDP) by 1 per cent, he noted.

Under the EVFTA, the EU immediately eliminated duties on 71 per cent of its tariff lines, with the remaining tariffs set to reach zero by 2027. By 2023, Vietnam's exports to the 27-nation bloc had more than doubled those of Bangladesh, despite both countries starting with similar export values in 2002.

Bangladesh now enjoys duty-free market access under the Generalised System of Preferences (GSP) facility. However, this will expire after it graduates from the LDC status by 2026.

To mitigate the challenges posed by the LDC transition, the RAPID chairman recommended several strategies, such as negotiating reduced tariff increases for 3-5 years post-LDC graduation and achieving eligibility for GSP+ benefits.

The economist urged the government to pursue free trade and investment agreements to attract foreign direct investment and enhancing industrial competitiveness to strengthen the country's position in global markets.

However, Bangladesh has maintained its lead over Vietnam in apparel exports, primarily due to its heavy reliance on the sector, whereas Vietnam's export portfolio is significantly more diversified.

Source: sourcingjournal.com – Nov 29, 2024

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GDP growth hits 7-quarter low of 5.4% in Q2 as manufacturing slows

India's growth in the July-September quarter (Q2 of FY25) slowed to 5.4 per cent, down sharply from 8.1 per cent in the same period last year and 6.7 per cent in the April-June quarter (Q1 FY25).

Moderation is growth was being predicted for some time, with some economists not sure of a recovery in the second half of the financial year also. Retail inflation surging to 6.2 per cent adds to the disappointment.
One-off drop

However, Chief Economic Advisor V Anantha Nageswaran rejected dire predictions, maintaining that while the Q2 number is disappointing, it is "just a one-off".

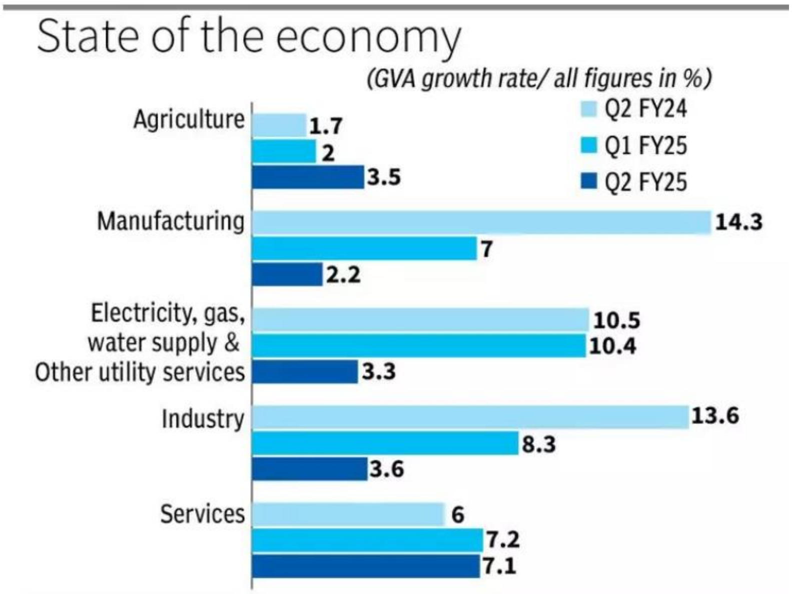
"The GDP growth print of 5.4 per cent is on the lower side. It is disappointing but it is not an alarming situation," Nageswaran said.

He said it is too soon to say that a lower range of growth estimates (6.5-7 per cent) is in danger. "We will go back and take stock of the full-year number," he added.

Economists attribute the low growth number to slowing manufacturing and consumption.

Upasna Bhardwaj, Chief Economist at Kotak Mahindra Bank, said that the sharply lower-than-expected GDP figures reflect the highly disappointing corporate earnings data. "The manufacturing sector appears to have taken the maximum beating," she said.

DK Srivastava, Chief Policy Advisor at EY India, said two domestic demand components — private final consumption expenditure and gross fixed capital formation — together account for a fall of 1.5 percentage points, which nearly fully explains the fall in GDP growth to 5.4 per cent from 6.7 per cent in Q1.



Although Nageswaran counted positives, including improved rural demand and growing order books of companies that will have a bearing on the full fiscal year numbers, most economists had a different view.

"A sharper-than-expected slowdown in Q2 has tilted risks to our growth outlook of 6.8 per cent for the current fiscal downwards," said Dharmakirti Joshi, Chief Economist, CRISIL.

Shreya Sodhani, Regional Economist at Barclays, said she had already downgraded the forecast.

"Incorporating today's numbers, we now lower our FY24-25 growth forecast to 6.5 per cent from 6.8 per cent," Sodhani said.

However, she thought that the growth slowdown was likely to be short-term.While high-frequency data for economic activity reflect some improvement in festival-loaded Q4 vs Q3,the data signals are mixed at best.

Exports decline

According to Rumki Majumdar, economist, Deloitte India, export growth decelerated to 2.8 per cent in Q2 FY25, largely driven by declining petroleum product exports and the ongoing impact of global uncertainties.

However, a robust performance in high-end manufacturing exports, such as electronics, engineering goods, pharmaceuticals and chemicals, provided a much-needed cushion to the overall figures.

"We believe this trend will continue and India's trade diversification towards higher value-add manufacturing will help us tide over the global uncertainties as global demand for such goods will remain high," she said.

Fiscal Deficit

With continuous contraction in capital expenditure and lower gross tax collection, the fiscal deficit touched 46.5 per cent of the Budget Estimates (BE) in the first seven months (April-October) of FY25.

Core sector up

The eight core sector industries' output grew 3.1 per cent in October, higher than the revised output growth of 2.4 per cent in September. Six of the eight core industries' output was in positive territory.

Both cement and steel saw robust output growth at 3.3 per cent and 4.2 per cent respectively, on the back of a pick up in government spending.

Source: thehindubusinessline.com– Nov 29, 2024

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India's vision is to become world's most efficient and trusted trade hub: Revenue secy

New Delhi: India's vision is to become the world's most efficient and trusted trade hub by expanding participation of authorised economic operators (AEOs), integrated free zones, and promoting innovative policies, Revenue Secretary Sanjay Malhotra said on Friday. "We aim to set new benchmarks in trade facilitation and global connectivity," Malhotra said while delivering the valedictory address at the Global AEO Conference here.

He further said technology and trust are two pillars of the revenue department.

India has been adopting technology both in direct and indirect tax administration, he said, adding that most of the services are online including appeals, refunds and payments.

"We actually generate billions and billions of bills of entry and shipping bills every year. To be able to do this without the help of technology is not possible," he said, adding, India aims to make all its ports automated.

Similarly, he said, "It is now our endeavour to be able to make all services at all ports and at all times, online and electronic."
Of 20 major ports, 17 are fully automated, he said.

Expanding the AEO programme in the last few years has been part of the trust-based strategy.

About 6,000 entities have been recognised under this AEO programme and 37 per cent of bills of entries are through these entities.

Source: economictimes.com– Nov 29, 2024

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Sustainability and Innovation: Shaping the Future of Textiles in Emerging Markets

As the textile industry grapples with environmental concerns and changing consumer preferences, sustainability has become a core focus for leading manufacturers. Rohit Aggarwal, who recently took over as CEO of Lenzing AG, an Austrian leader in sustainable fibers, shares his vision for the company's future, particularly in emerging markets like India. In an exclusive conversation with Financial Express Online ahead of his meetings with ministers and representatives in New Delhi, Aggarwal outlines the company's strategy to drive innovation, expand its global footprint, and contribute to India's sustainability goals.

Aggarwal, who brings over three decades of leadership experience in the textile and chemical sectors, is poised to guide Lenzing through an evolving landscape. Under his leadership, the company is focused not only on sustainability but also on developing technological solutions that enhance transparency and efficiency across its value chain.

A New Vision for Sustainability and Innovation

For Aggarwal, the future of textiles hinges on two critical pillars: sustainability and innovation. Lenzing has long been a pioneer in producing fibers made from regenerated cellulose, which is derived from natural, renewable resources like wood pulp. This shift to plant-based materials is in direct response to growing concerns about the environmental impact of conventional textile production, particularly the excessive water usage and pesticide reliance associated with cotton farming, as well as the pollution caused by synthetic fibers.

"We see a promising future ahead, with sustainability at the core of what we do," Aggarwal says. "At the same time, we recognize that continuous innovation will be key to staying competitive. Our ability to adapt and improve our products and processes will help us meet the evolving demands of the textile industry."

Aggarwal's commitment to both sustainability and innovation aligns with global trends. As the world shifts toward more eco-conscious consumption, Lenzing is working to ensure that its products not only meet but exceed the growing demand for more sustainable alternatives to traditional fibers. From offering biodegradable textiles to pioneering new technologies that reduce production waste, Lenzing's efforts are helping set new benchmarks in the industry.

India: A Critical Market with Immense Potential

India represents a key market for Lenzing's sustainable products, given the country's large and rapidly growing textile and apparel industry. However, Aggarwal highlights that regulatory challenges have created hurdles to accessing this market fully. A recent Bureau of Indian Standards (BIS) order related to viscose fibers has limited Lenzing's ability to export products from certain global production sites, which in turn has stifled potential growth in India.

"India is an important market for us, and we see a lot of opportunities here," he explains. "However, regulatory barriers, such as the BIS Quality Control Order, have made it difficult for us to fully engage with the market. We are in talks with Indian authorities to resolve these issues so we can expand our presence and better serve local demand for sustainable fibers." These barriers have prevented Lenzing from offering its full range of products, despite meeting international quality and sustainability standards. However, Aggarwal remains optimistic about the future. "Once these issues are addressed, the investment case for India becomes much stronger," he says. "India is not just a growth market; it's a key part of our strategy to expand into emerging economies."

The Rise of Regenerated Cellulose Fibers

As the textile industry faces increasing pressure to reduce its environmental footprint, alternatives to traditional fibers like cotton and oil-based synthetics are gaining traction. Regenerated cellulose fibers, which are made from renewable resources like wood pulp, offer a sustainable solution that is both eco-friendly and high-quality.

Aggarwal notes that while cotton has long been the go-to fiber for the textile industry, its limitations are becoming more apparent. "Cotton faces challenges around land use, water consumption, and climate impacts. As the demand for textiles grows, the need for alternatives becomes more urgent," he says.

In this context, regenerated cellulose fibers are poised to play a pivotal role. "These fibers are plant-based, biodegradable, and require less water and energy to produce compared to cotton. They offer the same comfort, feel, and performance that consumers expect from cotton, making them an ideal alternative."

Lenzing's eco-friendly fibers, such as TENCEL and VEOCEL, are already helping lead the charge in replacing more polluting materials. These fibers are not only sustainable but also offer significant advantages in terms of reduced environmental impact during production. Aggarwal highlights that the future of textiles will likely see an increasing shift toward these plant-based alternatives, as they offer both performance and sustainability in a way that traditional fibers cannot.

Driving Transparency and Digital Innovation

In addition to sustainable materials, Aggarwal sees technological innovation as essential to Lenzing's strategy. One of the most important areas of focus is improving transparency and traceability across the supply chain, an issue that is becoming more pressing as consumers demand greater visibility into the sourcing and environmental impact of the products they purchase.

"We are investing in digital technologies to improve supply chain visibility," he explains. "Our fiber identification system, along with our E-branding platform, provides consumers and manufacturers with clear information about the sustainability credentials of our fibers. We're also working on real-time ocean shipment tracking to give customers live updates on the status of their orders."

He views these innovations as integral to maintaining consumer trust and driving the growth of sustainable products. "As sustainability becomes an increasingly important factor in purchasing decisions, providing transparency is critical. Our digital solutions will help ensure that the fibers we produce are not only high-quality but also verifiable in terms of their environmental and social impact."

Overcoming Trade Barriers and Regulatory Hurdles

While Lenzing's sustainability-focused approach positions it for long-term success, trade barriers remain a significant concern, particularly in markets like India. He is clear that these barriers must be addressed in order to unlock the full potential of the market.

"Regulatory hurdles and trade barriers often create inefficiencies and disrupt free market competition," he says. "While they may offer short-term protection, they can hinder long-term industry growth. Allowing more freedom in sourcing and trade will ensure that companies have access to the best materials available, which in turn will help them remain competitive in the global market."

One specific issue that could impact Lenzing's ability to expand in India is the delay in the India-EU Free Trade Agreement (FTA). "It's certainly something we are keeping an eye on," says Aggarwal. "The FTA would provide more favourable conditions for trade between India and the EU, reducing tariffs and simplifying regulatory processes. If delayed, it could have an impact on our operations, as it would prolong the uncertainty around trade barriers and market access. As a global company, we are strong advocates for free trade, which ultimately drives innovation and economic growth."

As India looks to meet its own sustainability goals, overcoming these barriers will be key. He stresses that removing obstacles to trade will not only help companies like Lenzing contribute to India's sustainability efforts but also strengthen the country's position in the global textile market.

Looking Ahead: The Role of Sustainability in a Globalized Economy

Aggarwal's vision for the future is clear: sustainability will remain at the heart of Lenzing's strategy, but innovation and transparency will be the driving forces behind its growth. As the textile industry continues to evolve, companies that can adapt to changing consumer demands and regulatory landscapes will be best positioned for success.

"Technology, sustainability, and transparency will define the future of the textile industry," he concludes. "We are committed to staying at the forefront of these trends, ensuring that we not only meet today's challenges but also shape the future of the industry for generations to come."

Source: financialexpress.com– Nov 29, 2024

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Indian garment exports sustain momentum amid textile export challenges

India is expected to sustain its momentum in apparel export growth in the coming months, following impressive gains recorded in October 2024. Apparel exports increased by 35.06 per cent compared to the same period last year. However, the slow growth in textile exports, including yarn, fabric, and made-ups, may persist as the country faces challenges from rising production costs. High prices for cotton and man-made fibres make Indian exporters less competitive, while the domestic garment industry cannot absorb the large volumes of textile production.

According to the latest official trade data, India's apparel exports rose by 11.60 per cent to $8.732 billion during April-October 2024, the first seven months of the 2024-25 fiscal (April-March). In October 2024 alone, apparel shipments surged by 35.06 per cent to $3.061 billion.

In contrast, textile exports increased by a modest 4.01 per cent to $11.988 billion during the same period. Exports of man-made yarn, fabrics, and made-ups rose by 4.36 per cent to $2.843 billion. For October 2024, textile exports increased by 6.96 per cent to $1,045.57 million, while man-made yarn, fabrics, and made-ups saw a sharper rise of 12.89 per cent to $438.03 million.

Commenting on the robust growth in garment exports, K M Subramanian, President of the Tiruppur Exporters Association, attributed the current momentum to various factors, including potential trade developments and geopolitical dynamics in the region. He projected revenue growth from ₹35,000 crore ($4.141 billion) in fiscal 2023-24 to ₹40,000 crore ($4.733 billion) in fiscal 2024-25.

He said that the region's 5,000 export units are currently running at 95 per cent capacity, a significant improvement from just months ago when they were operating at 60-65 per cent capacity. The region received more orders from the United States and United Kingdom.

He also highlighted that the 5,000 export units in Tiruppur are now operating at 95 per cent capacity, a significant improvement from the 60-65 per cent capacity utilisation seen just months ago. The region has benefitted from increased orders from markets such as the US and the UK.

However, northern India, particularly the Delhi NCR region, continues to face slow to average growth in garment exports. According to industry sources, southern states like Tamil Nadu, which includes Tiruppur, have attracted more export orders that might otherwise have gone to Bangladesh. Tamil Nadu has long been recognised as India's leading garment export hub, while Delhi NCR is rapidly emerging as a key player. Additionally, other regions and large integrated textile companies are working hard to secure a share of the global garment export market.

India's primary concern remains the sluggish export of textile products like yarn and fabric. Despite a recent increase in ICE cotton prices, Indian cotton remains 12-14 per cent more expensive, rendering Indian yarn and fabric less competitive globally. The narrowing price gap has helped improve cotton yarn and fabric exports to some extent, but challenges persist. Government policies, including the Quality Control Order (QCO), anti-dumping duties, and minimum export price (MEP) requirements, have raised the prices of polyester and viscose fibres and yarns, further reducing the competitiveness of man-made textiles.

Industry experts noted that India has substantial spinning, weaving, and processing capacity, producing far more yarn and fabric than the domestic garment industry can consume.

Source: livemint.com– Nov 27, 2024

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Cotton panel esimates 8% drop in crop output to 299 lakh bales on drop in acreage

The Committee on Cotton Production and Consumption (CCPC) has estimated the fibre crop's output at 299.26 lakh bales (of 170 kg each) for the 2024-25 crop year (October-September) — down 8 per cent from the 325.22 lakh bales last crop year.

The dip in production is mainly on account of a decline in the area under cotton this year at 113.60 lakh hectares, down 10 per cent from126.88 lakh hectares (lh) a year ago. However, the yields are higher at 447.84 kg/ha, per CCPC's projections over 435.75 kg/ha last crop year.
Lower than CAI estimate

The CCPC's output projections are a tad lower than the estimates of trade body Cotton Association of India (CAI), which pegged the cotton production at 302 lakh bales.

Per CCPC's estimate, the acreage in the Northern Zone comprising Punjab, Haryana and Rajasthan, declined to 12.38 lh (17.96 lh). Cotton production in the Northern Zone is projected to decline to 33.05 lakh bales(47.60 lakh bales). However, the yields are estimated higher at 453.04 kg/ha (450.96 kg).

In the largest producing area of Central Zone comprising Gujarat, Maharashtra and Madhya Pradesh, the cotton acreage declined to 69.88 lh (75.47 lh), per CCPC. Cotton production in the Central zone is estimated to be 182.93 lakh bales (189.03 lakh bales). Yields this year are forecast to be rising to 445.02 kg per hctare (425.80 kg).

Similarly, in the Southern Zone comprising Karnataka, Telangana, Andhra Pradesh and Tamil Nadu, the acreage is down marginally at 29.58 lh (31.13 lh). Production is estimated at 78.01 lakh bales (81.28 lakh bales) and yields are projected to be higher at 448.33 kg/ha (443.8 kg/ha).

Source: thehindubusinessline.com– Nov 29, 2024

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Introducing circularity in used-textile waste management, with inclusivity at its centre

At her Textile Recovery Facility (TRF) in Hirandahalli where used textiles from around 10 wards of Bengaluru arrive, Indumathi, a waste picker-turned-entrepreneur seems quite exuberant and optimistic. She remembers how during Deepavali the metal roof facility "almost turned into a shopping mall."

"I was stunned that there is so much demand even for second-hand clothes! During Dasara and Deepavali, locals as well as migrant labourers came here to buy these clothes. The business was fast-moving during the festive month."

TRF, run by Indumathi and employing four people, is part of a larger attempt to create a value chain for post-consumer textile waste while weaving into it alternate livelihood possibilities for waste pickers.

Circular Apparel Innovation Factory or CAIF (an Intellecap initiative) and Hasiru Dala, an NGO, in partnership with Saamuhika Shakti – a not-for-profit organisation that brings together multiple organisations to empower the informal waste picker community – have been working to see if they could introduce systems and processes for the same.

Under the initiative, used clothes are collected from individual houses, sorted, segregated and, depending on their quality, recycled, upcycled, downcycled or resold.

According to the NGOs, this successfully diverted 1,31,000 kgs of cloth from reaching landfills last year between March and December and resulted in an 18-25% increase in the income of the waste pickers directly engaged with the programme.

After a successful pilot last year with eight wards in the city, the programme has been scaled up to cover 10 wards this year. Five more DWCCs (Dry Waste Collection Centres) are getting operationalised and the aim is to save 800 metric tonnes of clothes from reaching landfills in the next three years.

The process

In India, more than 80% of PET bottles are recycled, thanks to the value chain established around it. Collecting them makes it a valuable proposition for waste pickers too. The same has not been the case with used textiles. With no formal system in place to create value out of textile waste, most of it ended up in landfills making it among the top three items in landfills.

“Earlier, it was not known what you could do with post-consumer textile waste. However, through the experiments and pilots done in 2023 and 2024, we have been able to showcase that there is value to post-consumer textile waste, and through methods and processes, we can create a system similar to what we have for plastics in India,” says Zibi Jamal of Sattva Consulting, the facilitator partner in the Saamuhika Shakti collective.

The first step is to collect the textile waste from individual houses. Waste pickers at the DWCCs in select wards were trained in collecting textile waste and awareness was created among residents. After collection, the first level of sorting happens at DWCCs. Once a month, when the quantity of clothes becomes a ton or more, they are sent to TRF. A secondary level of sorting happens at TRF.

“A lot can be thrifted. Some can go into recycling, be made into yarn. A small quantity can be upcycled. Some can be downcycled and used for stuffing. There is a small percentage - about 10 to 15% – which can’t be used for anything. They are sent to the waste-to-energy plant in Bidadi,” Jamal explains.

Closing the loop

It all started when CAIF launched its Closing the Loop on Textile Waste programme in 2021. The idea was to design and implement a circular textile waste management model.

“This programme, as of today, is scaled up in 10 different cities across India, but it all started in Bengaluru with two entrepreneurs,” says Rahul Chatterjee of CAIF. Hasiru Dala came on board as an on-ground implementation partner and the implementation of the programme in Bengaluru was supported by H&M Foundation and Saamuhika Shakti.

“Together we onboarded eight DWCC operators as part of the programme and showed them the value that they can reclaim out of the textile waste,” notes Chatterjee who points out that apart from preventing large quantities of clothes from reaching the landfill, the programme impacted the lives and livelihoods of 225 waste workers.

“Out of them, 33 were directly getting employment out of this and they saw an increase in their income ranging from 18 to 25 percent.”

Improving results

Kumuda, who runs a DWCC in J.P. Nagar, was one of the first to sign up for the programme. She notes that every day about 10-15 kg of used clothes come into her centre and income from it has been increasing over the period. “We get about ₹15,000 for a ton of used clothes,” she says.

Ravi, a division manager with Hasiru Dala, notes that the awareness-building exercises have helped. He is one of the team members who do door-to-door visits twice a week to raise awareness and inform people about BBMP guidelines.

“As fast fashion started, we saw a lot of textile waste coming into the centres. Earlier, it would go to cement kilns. But right now, there is so much waste that even the cement factory is not taking them in,” says Bianca Fernandes who works with Hasiru Dala.

“That is when Hasiru Dala identified different kinds of streams where waste pickers can get a livelihood out of. As part of it we collaborated with CAIF for this initiative.”

Building TRF

As the programme progressed, certain challenges cropped up eventually. The DWCCs experienced space crunch to store the textiles. Additionally, there were legal restrictions that allowed them to collect only from households and not from other sources. Some of the commercial buyers preferred to buy the textiles in bulk from a single entity instead of multiple DWCCs.

“Factoring in all these learnings, in phase two, we pivoted to a hub and spoke model. We established TRF as the hub and the DWCCs would be the spokes. DWCCs will do the collection, a primary sorting and then sell it to the TRF. TRF will work as the central hub for aggregation, do a secondary sorting based on material and colour and then sell it to different buyers such as the recyclers, upcyclers, downcyclers and resellers. The TRF can also collect from other sources because they do not have such restrictions. They can collect from commercial entities, schools, hostels, and so on," explains Chatterjee.

The second phase of the project aims to impact the livelihoods of 500 waste pickers between 2024 to 2026.

Skill as a service model

The team also works on a 'skill as a service' model which CAIF introduced in partnership with Sambhav Foundation, yet another NGO which is a Saamuhika Shakti partner. Under the model, women from the waste picker families are trained to make upcycled products using textile waste.

"We work with informal waste picker women and upskill them so that they don't remain at the lower end of the waste picking spectrum, but move on to production and higher value chains," says Dr Padmini Ram from Sambhav Foundation.

"We get upcycled cloth from Hasiru Dala. We work on creating products such as bags, artefacts and so on from them and the products are sold to a buyer. The women get trained here to make the products and they get a share of the profits that's earned from selling them," she explains.

Currently 12 women are being trained under the upcycling programme.

Future of hope

Sagaya Mary, at her DWCC near R.V. Road, has finished the sorting for the day. All the clothes have been packed and neatly stacked away. The vehicle from TRF is expected to arrive the next day to collect them.

"We have delivered clothes five times to the TRF. We are making profits," Mary says.

Three months since becoming operational, TRF has processed 42 tons of textile waste. It is yet to turn profitable though. But Indumathi is optimistic.

Drawing hope from the sales during the Deepavali season, she believes the facility would see financial success in about two years.

She says, “So far, we have recovered only 10% of our initial investment. It may take a while. But I feel good that we are not sending clothes to landfills, we are saving the earth, we are able to generate employment for people, and it’s helping me build a career.

Source: fibre2fashion.com– Nov 28, 2024

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