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Currency Watch			
USD	EUR	GBP	JPY
84.73	88.91	107.21	0.56

INTERNATIONAL NEWS

INTERNATIONAL NEWS

Trump Wields Tariff Threat Against Russia and China-Backed BRICS Trade Alliance

President-elect Donald Trump is wielding the threat of tariffs against the BRICS Alliance—a collective of countries including Brazil, Russia, India, China and South Africa—should it make moves to undermine the U.S. dollar by creating its own form of currency.

The group, which has become a "major political force" over the course of the past 20 years, was founded on the objective of building a "counterweight to Western influence" when it comes to the global economy, according to U.S. think tank the Council on Foreign Relations.

Trump on Saturday took to his preferred platform, Truth Social, to threaten the trade collective with 100-percent tariffs should it challenge U.S. interests abroad by trying to unseat the dollar's dominance.

"The idea that the BRICS Countries are trying to move away from the Dollar while we stand by and watch is OVER. We require a commitment from these Countries that they will neither create a new BRICS Currency, nor back any other Currency to replace the mighty U.S. Dollar or, they will face 100% Tariffs, and should expect to say goodbye to selling into the wonderful U.S. Economy," Trump proclaimed.

"They can go find another 'sucker!' There is no chance that the BRICS will replace the U.S. Dollar in International Trade, and any Country that tries should wave goodbye to America," he added.

BRICS appears to be quickly gaining traction; the group invited Egypt, Ethiopia, Iran and the United Arab Emirates to join its ranks in 2023, and they solidified their membership this year. Turkey, Azerbaijan and Malaysia are also reportedly considering joining the coalition as a means of divorcing themselves from the dominance of Western financial systems.

The U.S. dollar accounts for more than 58 percent of global foreign exchange reserves, with the Euro coming in a distant second at almost 20 percent. By contrast, the Chinese renminbi accounts for just around 2 percent of the world's foreign exchange reserves, and "other currencies" outside of those from the U.K., Australia, Canada and Japan represent only 4.25 percent, according to data from the International Monetary Fund (IMF).

Leaders like Chinese President Xi Jinping, Russian President Vladimir Putin and Indian Prime Minister Narendra Modi have deepened ties through the BRICS framework, finding common ground in their desire to gain more global financial leverage. In late October, Putin hosted the world leaders, along with other BRICS members, at a summit in Kazan, Russia to discuss future economic collaboration across the bloc.

For his part, Putin said the prospect of creating a new currency was not imminently on the table. "Its time has not come yet. We need to be very careful and act gradually, without any rush," he said at the summit—though he has pushed for the creation of a new cross-border payment system to challenge the Society for Worldwide Interbank Financial Telecommunication (SWIFT) Global Payments Initiative (GPI), which allows for nearly immediate money transfers between nations.

He's said that BRICS nations should create their own system for making cross-border payments that would allow them to avoid Western sanctions and tariffs and leverage digital currencies.

Trump's tariff threat against BRICS—and Russia, by extension—stands in contrast to Putin's very recent praise of the incoming president, who he said he believes holds the key to the cessation of conflict in Ukraine.

On Thursday, Putin criticized President Joe Biden, telling reporters in Kazakhstan that he has created "additional difficulties" for the next administration by giving Ukraine leeway to fire longer-range U.S. missiles at Russian troops, according to a report from CNN. Putin said he expects the relationship between Russia and the U.S. to improve after Trump is sworn in, saying, "As far as I can imagine, the newly elected president is an intelligent and already quite experienced person. I think he will find a solution."

Meanwhile, Canadian Prime Minister Justin Trudeau has also rushed in to appease Trump and dismantle the threat he recently made against Canada—specifically, that he would levy duties of 25 percent against the country, along with Mexico, due to what he described as an unbridled flow of "Crime and Drugs" across their borders into the U.S.

Trump dined with Trudeau on Friday evening at Mar-a-Lago, according to Canada's ambassador to the U.S., Kirsten Hillman. She told CNN that Trudeau was "successful" in convincing the president-elect to come around to the idea that Mexico and Canada should be treated differently given that virtually no fentanyl is being smuggled into U.S. via the Canadian border. U.S. Border Patrol agents have also made far fewer migrant arrests at the Canadian border than the Mexican border, Trudeau reiterated to the president elect.

While Hillman said the meeting was cordial, Trump stopped short of walking back his tariff promise or guaranteeing the security of the U.S.-Mexico-Canada Agreement (USMCA), which is up for review in July 2026. Speaking about the dinner, Hillman told the news outlet, "I don't think it could have been better to be frank. Okay, I'll take that back, I'll change that. If he obviously said there would be no tariffs that would have been better but there was no realistic expectation of that."

Source: sourcingjournal.com– Dec 02, 2024

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China Offers Surprise Response to Tadashi Yanai's Comment About Xinjiang Cotton

China's government has kept its cool and offered a muted response to comments by Tadashi Yanai that Fast Retailing does not use cotton from Xinjiang.

Yanai, president and chief executive officer of Fast Retailing, the parent of Uniqlo, told the BBC his company does not use cotton from the region, despite working closely with Chinese manufacturers. It was the first time Yanai has gone on the record to confirm the company's policy.

In the past, comments criticizing Xinjiang would have been met with angry disapproval by the Chinese government and caused a major media storm.

This time, China took a step back, with government spokeswoman Mao Ning saying: "Xinjiang cotton is among the best in the world, and businesses shall make decisions based on their own best interest instead of being swayed by political pressure."

Xinjiang cotton has been at the center of a geopolitical battle between China and the U.S. since the U.S. Customs and Border Protection issued a ban on goods sourced from the region in 2021. The U.S. said it was concerned about alleged exploitation of Uyghur minorities in the autonomous region.

In the past, brands that stood by the U.S. ban have been blacklisted by the Chinese government.

As reported, e-commerce searches and ads for H&M products were temporarily blocked and at least six physical stores were forced to shut due to "landlord decisions." Nike, Adidas, Burberry and Hugo Boss were targeted as well.

Beijing has categorically denied any abuses in the region, and has punished those who issued public comments regarding alleged forced labor in Xinjiang.

It is unclear why China has apparently softened its stance on those who refuse to work with Xinjiang cotton.

The Greater China region is a significant one for Fast Retailing, representing around 21.8 percent of total revenue in the latest quarter. It is also the company's biggest market outside Japan.

In the fiscal year ending on Aug. 31, Fast Retailing said that full-year revenue rose 9.2 percent to 677 billion yen, or $4.51 billion, in Greater China. There was also a 0.5 percent increase in operating profit, totaling 104.8 billion yen, or $698 million.

While Yanai may be keeping his distance from Xinjiang cotton, fellow Japanese slow-living retailer Muji is doing the opposite. It has been embracing prime quality cotton from Xinjiang.

In 2021 it even added "Xinjiang cotton" as a keyword in its product descriptions across its e-commerce channels.

Source: sourcingjournal.com– Dec 02, 2024

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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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Australia to allow duty-free access for Bangladesh products post 2026

Australia has reiterated its commitment to allowing duty-free and quota-free access for products from Bangladesh even after the latter graduates from the least developed country (LDC) status in 2026.

The third meeting of the joint working group under the Trade and Investment Framework Arrangement (TIFA) signed between both sides was held recently in Canberra.

Bangladesh invited Australia at the meeting to invest in its information technology sector, while the latter was keen to import summer fruits from the former.

Both sides have expressed interest in enhancing mutual cooperation in sectors, including trade policy, agriculture, education, investment, garment industries, energy and information technology, a Bangladesh news outlet reported.

Australia expressed interest in the use of wool and cotton from Bangladeshi in its garment industry, while the latter sought the former's assistance in technical education and skills development.

The prospect of direct flights between the two nations was also discussed.

The fourth such meeting is scheduled to take place in Dhaka at the same time next year.

Source: fibre2fashion.com– Dec 03, 2024

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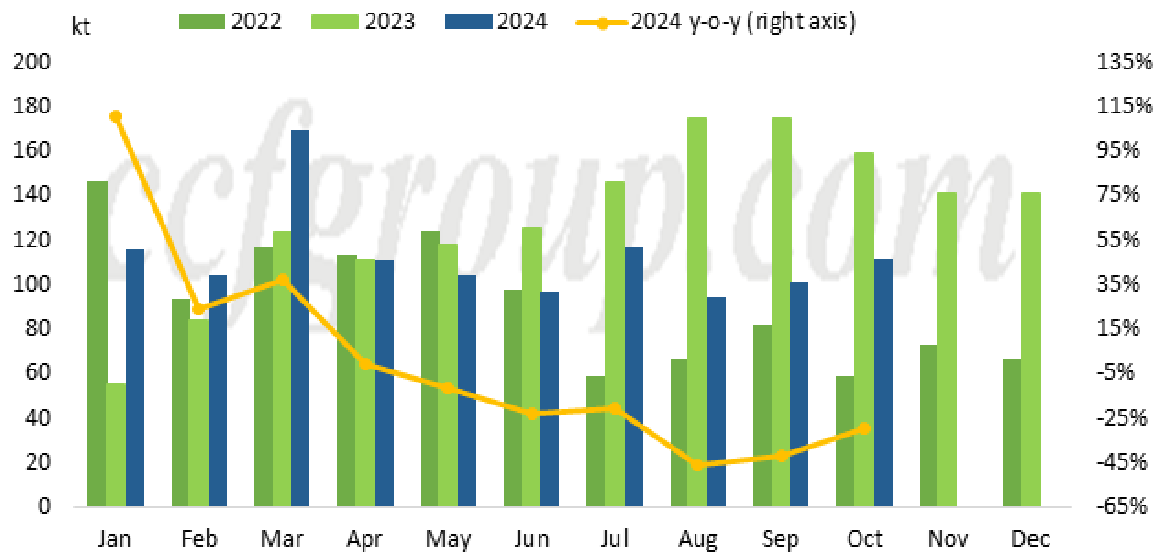
Coarse yarn accounting for an increasing proportion in China cotton yarn imports

I. China's cotton yarn imports totaled 112kt in Oct

In Oct 2024, China's cotton yarn imports were around 112kt, an increase of 11.2kt compared with September, and a decrease of 47.1kt compared to Oct of last year. From Jan-Oct 2024, China's total import of cotton yarn reached 1.125 million tons. The rapid rise of the US dollar index since November has further suppressed domestic yarn import demand. It is expected that it will be difficult for subsequent yarn arrivals to see a significant increase.

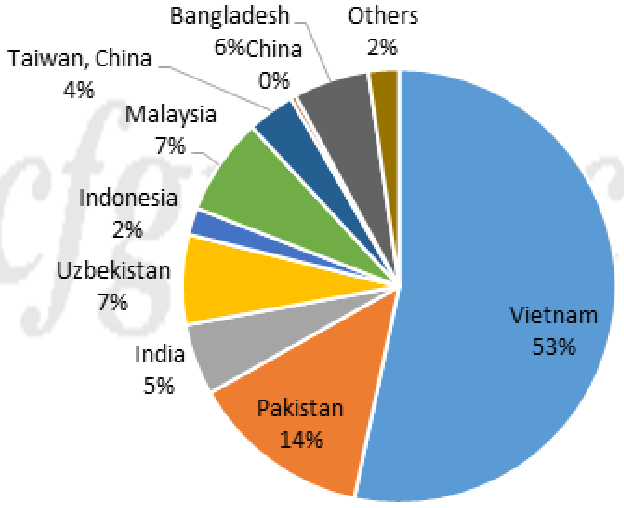
Arrival of China's cotton yarn imports



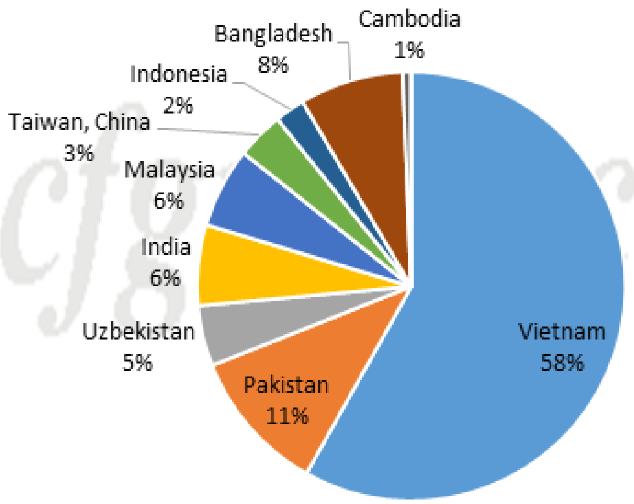
II China's cotton yarn imports by origin in Oct 2024

In Oct, the import volume of Vietnamese yarn reached a new high, totaling 64.4kt, and the proportion slightly increased to 58%. The import volume of Pakistani yarn in October slightly decreased to 12kt, and its import share dropped to 11%. Indian total imports of cotton yarn in October were 6,731 tons, surpassing Malaysia to rank third. Uzbekistani cotton yarn arrivals in October continued to decline to 5,058 tons, reaching a new low level this year. The production capacity of cotton yarn in China's Xinjiang region is continuously expanding. The advantage of low-priced yarn has squeezed the market share of imported yarn. Moreover, the defect that Uzbekistani yarn is inherently difficult to trace and certify also makes it difficult to avoid fierce price competition.

China's cotton yarn import by origin in Sep 2024



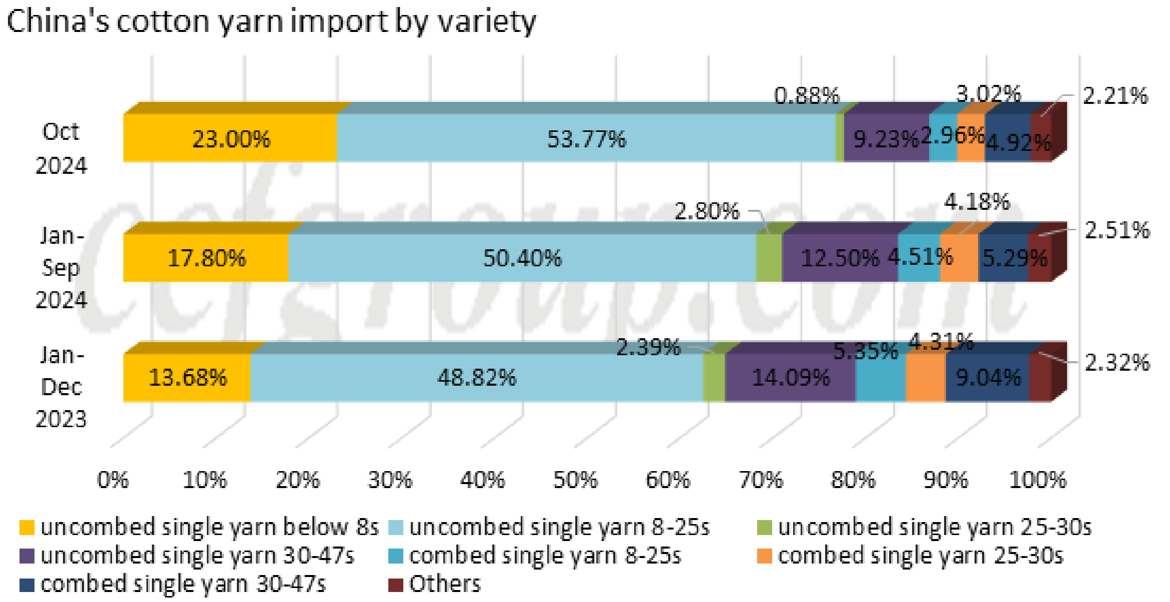
China's cotton yarn import by origin in Oct 2024



III China's cotton yarn imports by structure and by origin in Oct 2024

In recent months, the main specifications of China's yarn imports have once again concentrated in coarse-count yarn. This is not only a feedback of market demand but also an active choice in pursuit of differentiated competition. In September 2024, the import share of carded single yarn below 8s in China suddenly rose to 24.8%.

In October, the proportion of this specification was still as high as 23%, totaling about 25.8kt. As for carded single yarn 8-25s, the total import volume in October was about 60kt, and the import share continued to rise to 53.77%. The import volume of carded single yarn 25-47s shrank most significantly. The import volume of carded single yarn 25-30s was less than 1,000 tons, and the total import volume of the carded single yarn 30-47s in October was only 10kt.



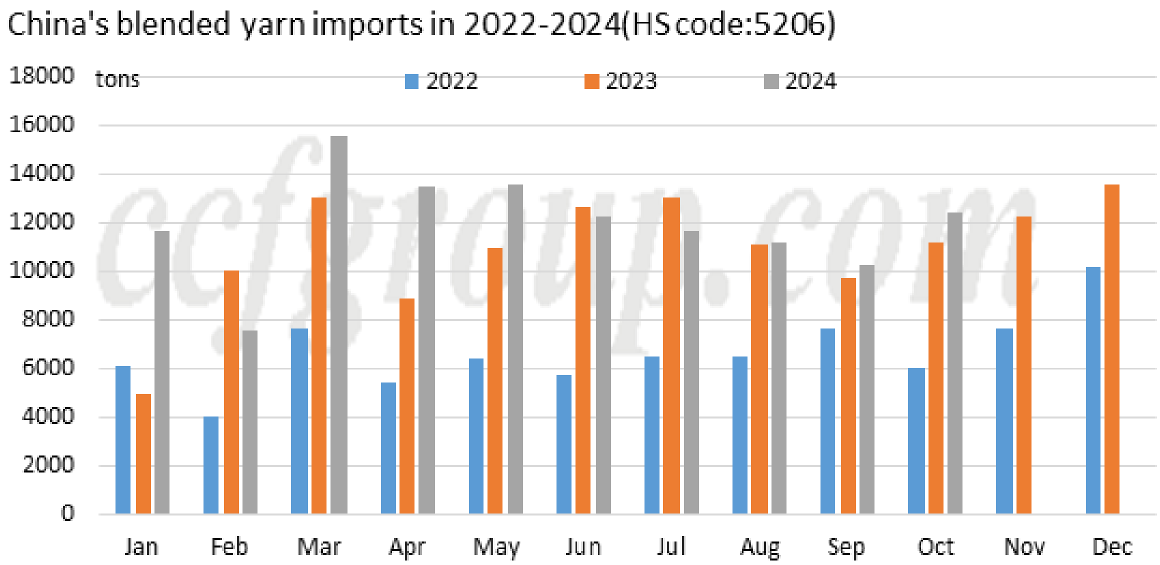
IV. China's blended cotton yarn imports in Oct 2024

Region	Amount of carded yarn below 8s (kg)	Share	Region	Amount of carded yarn 8-25s (kg)	Share
Vietnam	15824035	61.42%	Vietnam	32059635	53.22%
Pakistan	6980623	27.09%	Bangladesh	7763780	12.89%
Bangladesh	913000	3.54%	Pakistan	4994970	8.29%
Malaysia	644658	2.50%	India	4057992	6.74%
India	529469	2.05%	Malaysia	3935164	6.53%
Taiwan, China	467583	1.81%	Taiwan, China	3478707	5.78%
Myanmar	237500	0.92%	Uzbekistan	1982340	3.29%
Thailand	75086	0.29%	Indonesia	894081	1.48%
Cambodia	73500	0.29%	Cambodia	636900	1.06%

Region	Amount of carded yarn 30-47s(kg)	Share	Region	Amount of combed yarn 30-47s(kg)	Share
Vietnam	6123020	59.20%	Vietnam	3378226	61.25%
Uzbekistan	3006962	29.10%	India	1072083	19.44%
Malaysia	660000	6.40%	Indonesia	656748	11.91%
Indonesia	448400	4.30%	Malaysia	240743	4.36%
India	103852	1.00%	China	126584	2.30%

In Oct 2024, China's imports of blended cotton yarn increased slightly to around 12.4kt. From January to October 2024, the cumulative import volume of blended cotton yarn has totaled 119.4kt, and import proportion from Vietnam is more than 90%.

Among the imported blended cotton yarn, carded yarn 8-25s represents about 51.31% of the total, with a total of 6,023 tons arriving. The share of carded yarn below 8s was around 12.95% in Oct, with a total import of about 1,601 tons.



Source: ccfgroup.com– Dec 03, 2024

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How Xinjiang cotton still haunts the fashion industry

Uniqlo is in hot water. Just a few days ago, its CEO, Tadashi Yanai, declared that the Japanese clothing giant isn't using Xinjiang cotton. And that didn't sit well with Chinese consumers.

Now, if you're wondering why this has caused such a stir, here's some context. Xinjiang, a region in China, is famous for producing some of the finest cotton in the world. Until 2021, it accounted for a staggering 85% of China's cotton production and nearly a quarter of the global supply.

But there's a dark side to this. That year investigations revealed that much of this cotton was linked to forced labour. Reports claimed that the Uyghurs, a Turkic ethnic group, predominantly Muslim, living in Xinjiang, were being coerced into picking cotton under government "labour transfer programs" disguised as poverty alleviation schemes.

Suddenly, the world's best cotton had a stain on it — human rights violations.

Naturally, the revelations sparked outrage. Western brands like H&M, Adidas, Nike and Burberry distanced themselves from Xinjiang cotton, declaring that they wouldn't source materials tied to forced labour. The US, China's biggest buyer of finished textiles and apparel, went a step further and banned imports of goods linked to Xinjiang altogether.

With the pressure mounting, the demand for Xinjiang cotton started to decline. In fact, the China Cotton Association estimated an 8% drop in Xinjiang's cotton production last year and a 5% reduction in planting areas.

But China wasn't having it. The government repeatedly denied the forced labour allegations, brushing them off as Western propaganda aimed at stifling Chinese industries. And in response, Chinese consumers began boycotting brands that shunned Xinjiang cotton.

Amidst all of this though, there was one brand that managed to stay neutral, dodging both the boycotts and the storm of Chinese outrage. And that was Uniqlo. It never openly discussed its sourcing or ties to Xinjiang cotton, letting it escape much of the consumer fury.

But now that its CEO has explicitly made it clear that there's no Xinjiang cotton at Uniqlo, the backlash has begun. Chinese consumers are turning their backs on Uniqlo, accusing it of rejecting Xinjiang cotton, and rejecting China in the process.

But that's only half the story. The other interesting bit is that even when brands like Uniqlo declare that they're steering clear of Xinjiang cotton, a lot of it still sneaks into the supply chain.

Yup, you read that right. Recent tests on apparel sold by major retailers in the US and worldwide found traces of banned Chinese cotton in nearly 20% of the samples. It's a reminder that Xinjiang cotton continues to haunt the fashion industry, despite efforts to cut ties.

How does this happen, you ask?

Well, one sneaky way Xinjiang cotton used to make its way into the US was by exploiting a loophole called the de minimis rule. Until 2022, this provision allowed shipments worth less than $800 enter the US without regular customs checks or import duties. It helped simplify low-value imports.

But some e-commerce companies found a way to game the system. They shipped tons of small packages, each under the $800 limit, to dodge scrutiny. Customs officials had too many packages to check and not enough data to identify their origins. This made it nearly impossible to catch and stop goods tied to forced labour.

The US soon realised this and has since closed this loophole. Under the Uyghur Forced Labor Prevention Act (UFLPA), products linked to forced labour are now blocked, no matter the shipment value. And with stricter rules in place, manufacturers found it hard to slip Xinjiang cotton through unnoticed. So what did they do?

They got creative and found roundabout ways to keep it in the supply chain. Well, take the example of Uniqlo itself. The brand sources its apparel from manufacturers worldwide, but its biggest manufacturing hub is China. And among its suppliers is Lu Thai Textile, a company highlighted in a Sheffield Hallam University case study, because its shipping data was publicly accessible.

Lu Thai is based in Shandong, a province in eastern China. And until 2019, it exclusively sourced its cotton from Xinjiang. But after the forced labour controversy erupted, Lu Thai's annual reports conveniently stopped disclosing where it got its cotton from.

But there's a catch. The company's government subsidies told a different story. Its 2020 annual report revealed that Lu Thai received grants specifically for shipping cotton and cotton yarn out of Xinjiang. And given that Xinjiang supplies the majority of China's cotton, it's highly likely that Lu Thai never fully cut ties with the region. And if that's the case, some of that cotton may have quietly found its way into Uniqlo's stock too.

Besides, since this cotton would be flagged if shipped directly from China to the US, it often took a detour — exported to an intermediary country like Bangladesh, Vietnam, Indonesia, Cambodia or even India first before making its way to the US. Here, this cotton would be blended with local cotton in the intermediary country and turned into finished products. By the time these garments were exported to the US, the labels only show the final country of manufacture, making it nearly impossible to trace the cotton back to its Xinjiang roots.

Now, this got us curious. So we took a closer look at Lu Thai's latest annual report to see if Xinjiang cotton is still sneaking into the supply chain through roundabout routes. But here's the twist. The company now claims that it sources its cotton from overseas rather than relying on domestic supplies. And that might make sense since China now increasingly uses Xinjiang cotton for its domestic industry while importing the rest from countries like the US, Vietnam and Brazil.

Also, Lu Thai's report hasn't mentioned subsidies for transporting cotton yarn since 2021. So unless there's some clever rewording at play, it's more likely that Xinjiang cotton isn't making its way into Uniqlo's supply chain through Lu Thai anymore. But we can't say the same for its other Chinese suppliers or other clothing brands. Because the fact that tests still find Xinjiang cotton in products banned for forced labour raises a lingering question — can we really trust which brands are truly free from apparel tied to forced labour?

Source: finshots.in– Dec 02, 2024

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Singaporean textile company plans $590 mn project in Vietnam

Mega Textile Singapore Limited will establish a $590 million project spanning 51 hectares in the Tho Loc Industrial Park, located in Southeast Nghe in Vietnam. The Singapore-based company will set up Mega Textile Vietnam Co Ltd to execute the project. It is expected to generate over 15,000 jobs.

The investment procedures are expected to be completed by the second quarter of 2025, and there will be three stages to the construction of this project. The factory's first phase is anticipated to begin operations in the second quarter of 2028, followed by the second quarter of 2030 for the second phase and the second quarter of 2034 for the third phase, as per Vietnamese media reports.

The project aims to create a variety of textiles, such as clothes, belts, knitwear, coloured yarns, fabrics, and cut semi-finished goods. About 67,200 tonnes of fabric, 10,300 tonnes of knitwear, 7,200 tonnes of coloured yarn, 100 million belts, 130 million garments, and 2.2 million cut semi-finished products are estimated to be produced annually.

Mega Textile Singapore Limited is fully owned by Best Pacific, a leading name in the manufacturing and trading of textiles and belts, supplying top global sportswear and lingerie brands. Mega Textile Vietnam is among the leading projects by the group.

Source: fibre2fashion.com– Dec 02, 2024

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Turkiye's apparel exports dip 4.99% in Jan-Oct 2024

Turkiye's apparel exports declined by 4.99 per cent year-on-year (YoY) during January-October 2024, totalling $14,751 million, compared to $15,527 million in the same period of 2023, according to data from the Turkish Statistical Institute and the Ministry of Trade. However, exports grew by 5.17 per cent in October 2024.

Exports of knitted and crocheted clothing and accessories (HS Chapter 61) decreased by 2.2 per cent to $8,469.667 million, down from $8,655.852 million in January-October 2023. Non-knitted apparel and accessories (HS Chapter 62) experienced an 8.6 per cent decline, falling to $6,282.723 million from $6,872.818 million during the same period last year, as per the trade report on the top twenty chapters.

In October 2024, Turkiye's garment exports rose by 5.17 per cent to $1,504.638 million. Exports of knitted and crocheted clothing and accessories increased by 9.3 per cent to $914.988 million, compared to $837.030 million in October 2023. However, non-knitted apparel and accessories saw a 0.7 per cent decrease, dropping from $593.564 million in October 2023 to $589.650 million in October 2024.

Among the top 20 product chapters imported by Turkiye, the inbound shipment of non-knitted and crocheted goods and articles (HS Chapter 62) grew by 17.0 per cent to $1,635.267 million in the first ten months of 2024, compared to $1,397.559 million in January-October 2023. In October 2024, imports increased by 17.6 per cent to $205.871 million, up from $175.010 million in the same month of the previous year.

In 2023, Turkiye's apparel exports fell by 5.86 per cent to $18.321 billion, compared to $19.463 billion in 2022, following $18.294 billion in 2021.

Source: fibre2fashion.com– Dec 02, 2024

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Vietnam: UNIQLO Vietnam hits 60% local production in 5-year milestone

UNIQLO has reached an impressive milestone, with over 60 per cent of products sold at stores in Việt Nam now being 'made in Vietnam'.

These locally produced items not only cater to the domestic market but are also exported to international markets, contributing to both the brand's global reach and the local economy.

A company representative said that increasing the localisation of its products is a central part of UNIQLO's strategy. This approach not only ensures a reliable and stable supply chain but also supports the growth of Việt Nam's textile and garment industry, bolstering its contribution to the economy.

Celebrating its five-year presence in Việt Nam, UNIQLO is committed to fostering sustainable development, focusing on local production and the growth of Vietnamese talent. A key pillar of the brand's business model is its investment in local human resources.

Currently, 74 per cent of managerial positions in both stores and regional offices are held by Vietnamese nationals, with nearly half of these roles occupied by women.

The company has also launched several initiatives, such as the UNIQLO Manager Candidate programme and scholarships that send Vietnamese employees to study in Japan and bring knowledge back home.

UNIQLO operates 26 stores across Việt Nam, combining a strong offline presence with a rapidly growing online business that is expanding at a rate of 140 per cent annually.

Products such as sun protection clothing, thermal wear, and children's apparel have been particularly well-received by Vietnamese consumers, according to a recent survey by Nielsen IQ.

UNIQLO plans to further expand its retail network and increase the share of 'Made in Vietnam' products, bringing its LifeWear products closer to consumers.

Nishida Hideki, General Director of UNIQLO Vietnam, said the brand's success hinges on its commitment to sustainability and style, which resonates with customer preferences.

"Over the past five years, the achievements have not only helped us expand the system but also contributed to meaningful community projects," he added.

Source: vietnamnews.vn– Dec 02, 2024

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Bangladesh's RMG exports surge 11.38% to $12.8 bn in Jul-Oct 2024

Ready-made garment (RMG) exports (Chapters 61 and 62) from Bangladesh increased by 11.38 per cent to $12.811 billion between July 2024 and October 2024, the first four months of fiscal 2024–25 (July–June), according to provisional data from the Export Promotion Bureau (EPB). This marks an increase from $11.502 billion during the same period in fiscal 2023–24.

Interestingly, under the new regime, RMG exports showed a decline in the last fiscal when the previous government was in power. In contrast, the new administration reported significant growth in RMG exports during the first four months of the current fiscal.

Knitwear exports outpaced woven garment exports in growth. During the first four months of the current fiscal, exports of knitwear (Chapter 61) rose by 12.08 per cent to $7.207 billion, compared to $6.430 billion in the corresponding period of fiscal 2023-24.

Woven apparel exports (Chapter 62) increased by 10.48 per cent, totalling $5.603 billion, compared to $5.072 billion during the same period, as per EPB data.

Home textile exports (Chapter 63, excluding 630510) experienced mild growth, increasing by 1.31 per cent to $254.94 million, compared to $251.65 million during the same period in the last fiscal. Collectively, exports of woven and knitted apparel, clothing accessories, and home textiles constituted 82.76 per cent of Bangladesh's total exports, amounting to $15.786 billion for the period.

Exports of cotton and cotton products, including yarn, waste, and fabrics (Chapter 52), rose by 20.39 per cent to $212.30 million during the period under review, compared to $176.35 million in the same period of the last fiscal.

The new regime of Bangladesh had earlier revised export data downwards after taking office. According to the revised trade data, RMG exports from the country decreased by 5.22 per cent to $36.151 billion in fiscal 2023–24 (July 2023 to June 2024).

According to the EPB, RMG exports in fiscal 2022-23 amounted to $38.142 billion, compared to the previously reported figure of $46.991 billion. For reference, RMG exports were recorded at $42.613 billion in fiscal 2021-22 and $31.456 billion in fiscal 2020-21.

Source: fibre2fashion.com– Dec 03, 2024

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Bangladesh: Let the textile tussle begin

The return of Donald Trump to power in the United States and the likelihood of increased tariffs on Chinese imports, including textiles, could shift the trade dynamics between these two economic giants dramatically. If Bangladesh plays its cards right, it could emerge as a key beneficiary of this geopolitical shift, solidifying its position in the global garment trade and significantly boosting its presence in the US market.

If Trump raises tariffs on Chinese textiles, US buyers potentially will seek other sources to maintain profitability. Historically, countries like Vietnam, India, and Bangladesh have been the go-to alternatives. However, I believe, Bangladesh has a unique edge. Vietnam is experiencing rising labour costs, and India faces inefficiencies in its garment sector, leaving Bangladesh as one of the most viable options for US retailers. The US is already one of the largest markets for Bangladeshi garments, with imports reaching nearly $10 billion in 2024. If Chinese garments become less cost-competitive, this figure could grow significantly as new buyers enter the market and existing ones increase their orders.

Moreover, I think this shift could, and should, encourage Bangladesh to expand its product range. Traditionally focused on basic apparel like T-shirts and sweaters, the industry could now branch out into higher-value items such as sportswear, outerwear, and technical textiles, opening new revenue streams. A surge in demand for Bangladeshi garments would likely lead to job creation, benefitting millions of workers and their families. The ripple effects could extend to sectors like logistics, packaging, and transportation, contributing to overall GDP growth. However, seizing this opportunity will require Bangladesh to address several critical challenges.

First and foremost, I think Bangladesh must tackle its infrastructure issues. Delays caused by inefficiencies at ports, outdated road networks, and congested transport systems could undermine our ability to meet the demands of international buyers. Improving infrastructure should be a top priority for both the government and private sector. Buyers in the US are unlikely to tolerate shipment delays, especially when alternative suppliers might be more reliable.

In today's global market, buyers care deeply about ethical practices and environmental responsibility. US retailers will be paying close attention to labour standards and factory conditions, and in my view, Bangladesh must ensure it is meeting these expectations to avoid reputational risks and maintain its competitive edge. Additionally, adopting sustainable practices is equally important. Buyers are increasingly drawn to suppliers that use renewable energy and other sustainable factory practices, and Bangladesh could cement its reputation by investing in green technologies. But government policies and investments play a crucial role in this process.

Another issue is our industry's heavy reliance on imported raw materials. Despite our strength in garment production, Bangladesh imports much of its textiles, particularly cotton and synthetic fabrics. This dependency increases costs and lengthens production timelines. I think investing in domestic textile manufacturing could be a game-changer, enabling our industry to reduce costs and improve efficiency while becoming more self-sufficient.

Diversification is another critical step. By moving into higher-value products and niche markets, Bangladesh can increase its revenue and reduce dependence on low-margin items. Additionally, I think proactive trade negotiations with the US will be vital. Securing favourable terms could make Bangladesh an even more attractive sourcing destination for American retailers.

That said, I recognise that Bangladesh isn't the only country with its eyes on this opportunity. Competitors like Vietnam, Indonesia, and even Mexico are also well-positioned to attract buyers seeking alternatives to China. In my opinion, Bangladesh must differentiate itself by emphasising its ability to deliver quality products at competitive prices while ensuring reliability and sustainability.

While we do not yet know what Trump will do—there is talk of a 10 percent tariff on all imports from China—this moment represents a pivotal opportunity for Bangladesh. If managed wisely, the benefits could extend far beyond the garment industry. Increased export earnings could fuel investments in other sectors, such as home textiles and accessories, creating a more diverse economic base.

A potential shift in US-China trade relations is a rare chance for Bangladesh to take a giant leap forward in the global garment trade. With careful planning, strategic investments, and a commitment to addressing its challenges, Bangladesh can position itself as a key player in the US market and beyond.

Source: thedailystar.net– Dec 02, 2024

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Pakistan: Falling industrial production

Consequently, the overall index exhibits a fall of 0.8 percent in relation to the first quarter of 2023-24. There was a promising start at the beginning of the year, with 2.5 percent increase in the index in July 2024. Thereafter, it has been falling. The decline was 0.2 percent in August and a further decline of almost 2 percent in September.

The long-term trend from 2015-16, the base of QIM, to 2023-24, has been very adverse. The average annual growth rate was only 1.3 percent during these eight years, with the QIM currently at 111.95. Never before has the country seen such a low growth rate of the large-scale manufacturing sector.

Historically, this sector has provided for acceleration in the growth momentum of the economy. But since 2015-16 it has contributed to a plummeting of the GDP growth, with a growth rate less than even that of the agricultural sector.

We now focus on the growth performance of individual industries. This will also provide useful insights on the growth process in other sectors of the economy, given the strong forward and backward linkages of the industrial sector.

The first industry focused on is textiles. Here there is some good news. The garments industry has shown an exceptionally high growth rate of 17.6 percent during the quarter. Cotton yarn and cloth outputs have also increased by 8.8 percent and 0.8 percent, respectively.

The fall of almost 20 percent in the output of cotton in the last Kharif season has clearly not had any impact on cotton yarn production. However, this could be observed in coming months unless there is adequate import of over 3 million bales of cotton.

The growth in domestic output of the textile industry also appears to be in response to buoyant export demand, facilitated by the adverse conditions in Bangladesh. For example, there has been an over 16 percent jump in the volume of export of readymade garments. Overall, the value in USD of exports of the textile group has increased significantly by 9.5 percent.

The other industry which has shown a very high growth rate is automobiles of 26.4 percent during the quarter. This is clearly an example where import restrictions have been relaxed. Consequently, imports of the transport group have increased in dollar terms by 20 percent. In particular, the import of motor cars has gone up by 45 percent. The fall in interest rates has probably also increased the demand for car loans and thereby stimulated production.

The other very strong performance is apparently by the tobacco industry, with an extraordinary growth rate of 40 percent during the quarter. However, this probably reflects more the detection of output/sale of cigarettes through the track and trace system.

This indicates less tax evasion and not the phenomenal jump in output. If the growth rate is actually lower of output, then this implies that the overall growth rate of the QIM could be even lower by about 0.3 percentage points.

Turning now to the industries exhibiting a negative growth rate, there is a clear pattern. The first group of industries comprises those where the outputs are used largely in building and construction.

This includes cement, iron and steel products, and fabricated metal industries, with very large declines of 19 percent, 12.6 percent and 24.5 percent, respectively. These three industries combined have caused a loss of 2.1 percent to the overall QIM. One of the prime reasons for this decline is the quantum fall in development spending, especially by the federal government in the first quarter.

The second group of industries which has shown a fall comprises those producing capital goods. This includes the electrical equipment, machinery and equipment and industries producing electronics, computer and optical products. Clearly, this reflects the big slump in private investment in the economy, especially in industry.

The implications of negative growth in the large-scale manufacturing sector, especially if it persists, are worrying in nature. The first impact will be on the GDP growth rate. The Official Plan target growth rate of 3.6 percent is unlikely to be achieved.

The second adverse implication is on tax revenues. The large-scale manufacturing sector contributes the largest share of national tax revenues. With negative growth and only moderate inflation in prices, the sector will yield only a modest growth in revenues. This will be much less than the required almost 40 percent growth in FBR revenues in 2024-25.

Overall, there are reasons to be skeptical about the positive signals being conveyed by the government on the new found economic stability which is expected to facilitate growth. This is not happening in either the agricultural or the manufacturing sector. There is the risk that both sectors will show a negative growth rate in 2024-25 or at best a low positive growth rate.

Source: brecorder.com– Dec 03, 2024

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Pakistan: Weekly Cotton Review: Prices continue to fall amid low trade volumes

In local market, prices of cotton continued to decline. Trading volumes also remained relatively low. However, New York cotton prices showed an upward trend. Cotton imports are on the rise. Approximately 50 lac bales of cotton worth $2 billion will have to be imported.

Imran Mahmoud, Chairman of All Pakistan Bed Sheets and Upholstery Manufacturers Association (APBUMA) said that Pakistan has become the largest importer of American cotton. Reduced cotton production and increased energy costs have put the textile sector in trouble.

Head Transfer of Technology Central Cotton Research Institute Multan Sajid Mahmood said that FPCCI's research team is hopeful for the revival of the cotton industry. Tax policy reforms are necessary in the cotton sector.

Chairman of the Ginners Forum Ehsan Haq said due to the sales tax exemption on imported cotton, the highest amount of cotton has been imported in the country's history.

Over the past week, there has been an overall downward trend in cotton prices in the local market. However, there has been an upward trend in New York cotton prices. Due to the arrival of imported cotton, most mills are not showing much interest in local cotton, resulting in relatively low trading volume. Another reason is that the quality of cotton in the local market is also low. Some ginners are storing cotton, expecting an increase in price in the future.

Along with the import of raw cotton, there's been a significant increase in the import of cotton yarn, which is causing a surge in local payments. Many mills are interested in purchasing cotton on credit. Several ginners are entering into agreements on bank L/Cs, apart from delayed payments.

The rise in the New York cotton futures price has slowed down import deals. However, according to cotton import agents, approximately 35 lac bales of import deals have already been finalised, and more agreements are in the pipeline.

Mills dealing in imported cotton yarn have an advantage due to being exempt from sales tax, unlike locally-sourced cotton and cotton yarn. This means that these mill owners don't face delays in tax refunds. On the other hand, locally-sourced cotton is subject to an 18% sales tax, and the subsequent delays in refunds, blocking a significant amount of capital. This is a primary reason why local mills prefer imported cotton and cotton yarn.

Due to cotton shortage, Pakistan will have to import approximately 50 lac or more bales of cotton this year to meet its demand. This will cost around 2 billion dollars. These imports will put a severe strain on the national treasury.

The prices of cotton in Pakistan vary across different provinces and qualities. The rate of cotton in Sindh is in between Rs. 16,000 to 18,000 per maund depending on quality. The rate of Phutti is in between Rs. 6,500 to 8,000 per 40 kg.

The rate of cotton in Punjab is in between Rs. 16,700 to 18,000 per maund. The rate of Phutti is in between Rs. 7,000 to 9,000 per 40 kg.

The rate of cotton in Balochistan is in between Rs. 16,700 to 18,000 per maund. The rate of Phutti is in between Rs. 7,200 to 9,200 per 40 kg.

The rate of Balochi Cotton is in between Rs. 18,500 to 18,600 per maund. The rate of Primark cotton is in between Rs18,800 to 19,200 per maund.

The prices of Banola, Khal, and oil; however, remained stable.

The Karachi Cotton Association's Spot Rate Committee has decreased the spot rate by Rs 100 per maund and closed it at Rs. 17,400 per maund.

Naseem Usman, Chairman of the Karachi Cotton Brokers Forum, told Business Recorder that international cotton prices witnessed a rising trend. The New York cotton December futures contract closed at 73.35 US cents per pound.

According to the USDA's weekly export and sales report, three lac and twenty four thousand and one hundred bales were sold for the 2024-25 year.

Pakistan topped the list by purchasing one lac and forty six thousand and three hundred bales. Vietnam came in second with the purchase of fifty two thousand and three hundred bales. Turkey secured the third position by purchasing forty eighty thousand and five hundred bales.

Meanwhile, in a statement issued on Thursday, Imran Mahmud, the central chairman of APBUMA, said that the survival of the textile sector depends on the availability of a large quantity of cotton, which has seen an unprecedented decline in the last 10 years. He further stated that the cotton yield has reduced to almost half due to the lack of incentives for cotton growers.

Some factory owners have already moved their units to Bangladesh due to unfavourable local conditions," Mahmud said, adding that electricity and gas locally are also being provided at the highest prices compared to regional competitors.

He pointed out that higher mark-up rates, a deteriorating law and order situation, and conflicting economic policies that have severely damaged the SME sector. He demanded that exporters be provided with electricity and other commodities at competitive rates so that the exportable surplus can be made competitive in international markets.

Imran Mahmud said that 125 factories have already closed this year, and if immediate relief is not provided, more factories will close down soon. He said that in 2020, electricity was supplied relatively cheaply, and as a result, industrial units operated at full capacity. He urged the government to provide a positive environment for the industrial sector so that it can not only increase its production for exports but also create more employment opportunities for unemployed youth.

However, Head Transfer of Technology Central Cotton Research Institute Multan Sajid Mahmood said that SM Tanveer, Chairman of the United Business Group, in a WhatsApp group mentioned the formation of a 20-member research team at the FPCCI.

This is certainly a positive step. Hopefully, SM Tanveer will also present an actionable plan through the FPCCI platform for the revival and promotion of cotton, special incentives for cotton growers, and financial support for cotton research institutions, especially the Pakistan Central Cotton Committee.

There is a need to ensure that the continuous decline in cotton production and cultivated area in the country can be stopped and the issues of the cotton industry and all its stakeholders can be resolved. Furthermore, the FPCCI will take immediate steps through its platform to resolve the cotton cess issue between the Pakistan Central Cotton Committee and the textile industry.

The formation of a 20-member research team by the FPCCI platform is a very significant and encouraging step. Cotton is a major pillar of Pakistan's agriculture and economy, and the formation of such a research team to address the decline in its production and related issues was absolutely necessary.

A deep analysis of various aspects of the cotton industry with the help of a research team and a successful strategy will not only increase production but will also solve the problems faced by this industry.

The FPCCI, under the leadership of United Business Group and SM Tanvir, needs to present a viable plan that outlines the necessary steps to halt the continuous decline in cotton production. This plan should not only provide incentives to farmers but also allocate increased funds to research institutions to adopt modern cotton cultivation techniques and address the challenges posed by climate change.

This initiative by the FPCCI could open up a new avenue for the cotton industry and all its stakeholders. This could include government policy support, adequate capital provision, and other incentives for the industry that would be beneficial for cotton production and the industry. Simultaneously, it could also resolve market issues related to cotton, such as price fluctuations and farmers' problems, leading to a steady increase in cotton production across the country.

Absolutely, if the efforts of this research team are implemented and the FPCCI, under the leadership of Mr. SM Tanveer, executes this project promptly, then a significant step can be taken to resolve the cotton industry's problems. Pakistan could witness a new agricultural revolution.

The current policy of imposing an 18% sales tax on domestic cotton and exempting imported cotton from taxes has had negative impacts on agricultural economy and local farmers. On the other hand, increasing reliance on imported cotton not only consumes valuable foreign exchange but also deprives local farmers of a fair remuneration for their labour. The government should develop a comprehensive mechanism under which spinning mills are mandated to purchase all domestic cotton. Imported cotton should only be allowed after the complete utilization of local production. This will not only encourage local agricultural production but will also help save foreign exchange and stabilize the national economy.

Furthermore, due to the exemption of import duty on imported cotton, there are reports of Pakistan importing the highest amount of cotton in its history during the cotton year 2024-25. This significant increase in cotton imports has led to a decline in domestic cotton and lint prices, causing concern among farmers and cotton ginners.

However, Chairman of the Cotton Ginners Forum, Ehsan Haq stated that in the federal budget 2024-25, imported cotton and cotton yarn were exempted from 18% sales tax for the export-oriented textile sector, but this sales tax was maintained for domestic purchases. Additionally, the unusual cultivation of sugarcane in cotton zones has led to environmental pollution and affected cotton quality.

As a result, the textile mills have significantly increased their cotton import trend this year. It is expected that during the cotton year 2024-25, textile mills will have import agreements for nearly 60 lac cotton bales, the highest in the country's history.

Out of these, agreements for nearly 30 lac bales have reportedly been finalized. He further stated that, according to information, more than 13 lac bales have already arrived in Pakistan, and their arrival is continuing at a rapid pace.

Source: brecorder.com– Dec 02, 2024

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NATIONAL NEWS

India-South Korea CEPA: Challenges facing Indian textiles

South Korea has been one of India's first free trade agreement partners with Comprehensive Economic Partnership Agreement (CEPA) being signed on August 7, 2009. Opening the borders of a country leads to higher market access for both the countries concerned.

However, in the case of India and South Korea's CEPA, India's trade deficit has only grown post the CEPA, with the country importing a far greater share from South Korea than exporting to it. According to a Global Trade Research Initiative Report (GTRI) report, South Korea already had 41.7 per cent of global imports attracting zero MFN duties. It is only in the case of India, when signing the agreement, India lowered its already high import tariffs on South Korean products.

India and South Korea are set to resume negotiations on the current CEPA. This analysis would help Indian textile exporters to identify where Indian textiles lack in the South Korean market and what should be discussed during the negotiations with respect to Indian textiles.

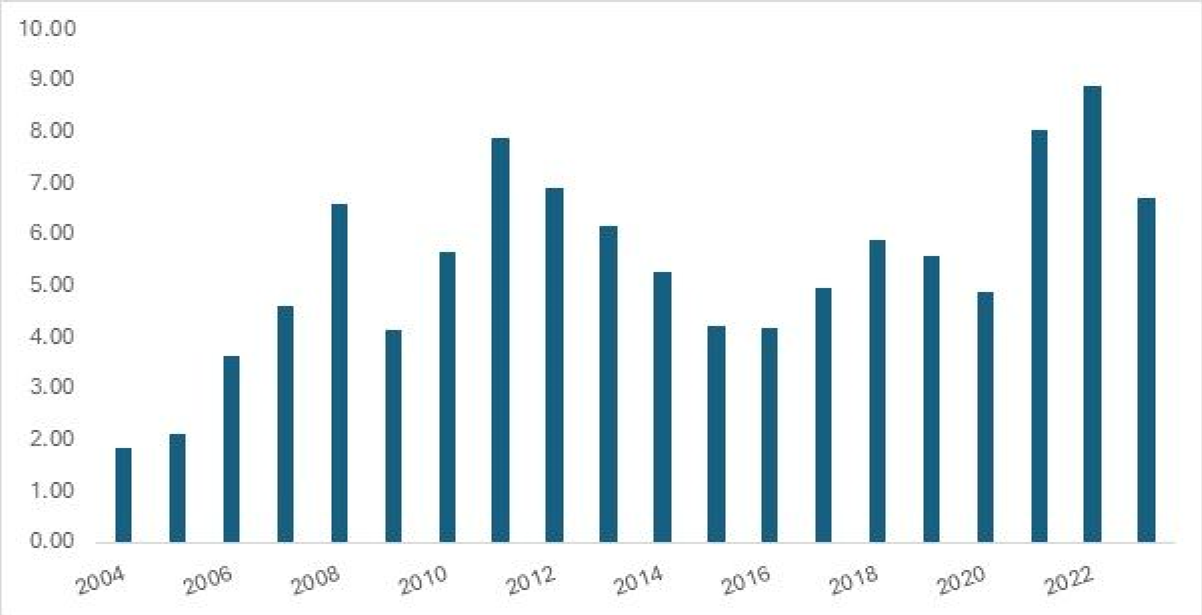
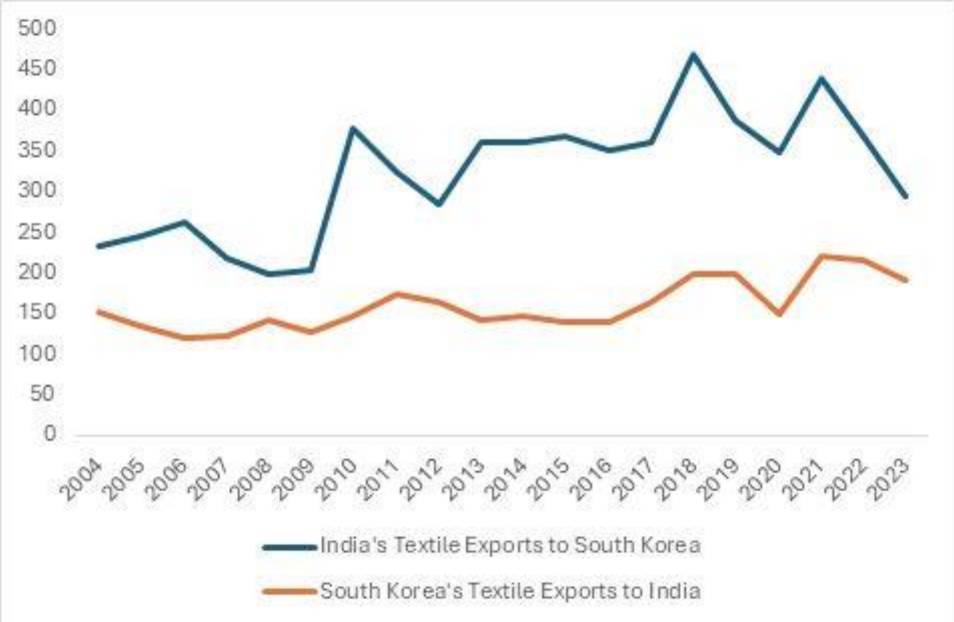


Exhibit 1 shows the trends in Korea's imports from India over the period from 2004 to 2023. From 2004 to 2008, imports steadily increased, with a significant jump in 2008, reaching $65.81 billion. The jump in 2008 could be attributed to the CEPA between the two countries. However, in 2009, there was a sharp decline to $41.42 billion, likely due to the global financial crisis.

Afterwards, imports fluctuated but in general rose, with a notable increase in 2011 and 2022, reaching the peak of $88.97 billion in 2022 given the pent-up demand post COVID-19.

The import values dipped in 2015 (MERS outbreak in South Korea) and 2020 (due to the COVID-19 crisis) but rebounded strongly in the following years, particularly in 2021 and 2022, indicating a recovery and a strong trade relationship. Exhibit 2 reflects both global economic trends and Korea's growing demand for goods from India.



In-depth analysis of the textile market between India and South Korea

Table 1 : South Korea and India's top textile exports and Most Favoured Nation (MFN) rates

HS codes	South Korea's top exports to India	India's Avg. MFN rate	HS codes	India's top exports to South Korea	Korea's Avg. MFN rate
63	Made-up textiles; worn clothing and rags	10.8	52	Cotton	8.8
54	Man-made filaments	6.4	62	Articles of apparel and clothing accessories, not knitted or crocheted	12.3
59	Coated/impregnated textiles	12.9	61	Articles of apparel and clothing accessories, knitted or crocheted	12.6
55	Man-made staple fibres	9.2	54	Man-made filaments; strip and the like of man-made textile materials	7.4
56	Wadding, nonwovens, and yarns	12	55	Man-made staple fibres	8.8

Source: WITS database, ITC Trademap, F2F Analysis

India has been a major exporter of textiles in most of its Free Trade Agreements. However, in the case of South Korea, Indian exports are majorly mineral fuels and oils, organic chemicals and automobiles. Textiles also forms a major part in the exports, but they have not secured a substantial share in the Korean market.

India exports a substantial quantity of textiles compared to South Korea, which majorly exports home textiles to India for which India has an MFN rate of 10.8 per cent. Similarly, India exports cotton as a major product to South Korea.

The South Korean MFN tariff rate for cotton is 8.8 per cent. If we were to calculate the added MFN rates of all the top 5 products, South Korea seems to be concentrated on products with high Indian MFN rates. India benefits majorly from only apparel categories (HS 61 and 62) with respect to tariffs.

With India's MFN rates down to zero per cent after the CEPA, South Korea benefits in major categories of made-up textiles, coated/impregnated textiles, man-made staple fibres, and wadding, nonwovens and yarns where it faces high MFN rate from India pre-CEPA. South Korean textile exporters have majorly focused on products where it will get major profits when the CEPA is effective.

Issues prohibiting Indian textiles from entering the South Korean market

FTA agreements with other major textile economies

South Korea has free trade agreements with Vietnam and Türkiye, the main leaders of finished textiles products which fetch higher profit margins due to their high MFN rates along with exporting high value products within the textile industry. South Korea's FTA agreement with the ASEAN countries has also proven to be beneficial for countries like Indonesia, Myanmar and Cambodia which feature in the top 10 textile exporting countries.

Vietnam increased its percentage share from a mere 2.7 per cent to 4.3 per cent within a year of the ASEAN FTA coming into effect. It has progressively increased its share, which stood at 25.1 per cent in CY 2023. Both Indonesia and Myanmar have not been able to increase their shares but have been consistent within the range of 2 to 4 per cent. Türkiye's textiles have not seen a significant uptick in market share but there has been a constant point increase till 2023. However, the case of Indian textiles is striking; India began with a market share of 4.8 per cent in 2004 declining every year, peaking marginally in CY 2010, the year after FTA came into effect. Since then, Indian textiles have only witnessed decline with only 1.9 per cent share in the year 2023.

Trade Requirements – Does India fulfil the conditions?

India's major export material happens to be cotton (HS code 52) which has lower trade requirements compared to finished goods such as apparels and home textiles. India has not been able to comply on non-tariff barriers. Indian exporters face high non-tariff barriers in the form of certifications requirements and stringent guidelines, making it difficult for Indian goods to penetrate the South Korean market.

Under the CEPA, Indian textiles has a stricter rule compared to other goods. With respect to textiles from HS codes 50 to HS code 63, only seven per cent of the goods produced can use non-originating materials, i.e., materials from countries other than India.

India is largely dependent on synthetic and man-made fibre from countries such as China, and has not particularly concentrated its efforts towards enhancing its own capabilities. MMF based and synthetic fibre-based apparels feature majorly in the top 20 list of imported products by South Korea. India's dependence on raw material inputs would put its finished textiles in the list of products not gaining from the tariff benefits.

South Korea's Market Demand – Is India catering to the Korean market?

Table 2: India's Revealed Comparative Advantage (RCA) for top 20 imported textiles products of South Korea

Source: F2F Analysis

Table 2 is an analysis of South Korea's top imported textile products. Out of the top 20 listed, Indian has a Revealed Comparative Advantage (which means an edge over the other countries) in exporting 3 products.

These products are – Cotton T-shirts, Men's and Boy's trousers in cotton, and Textured Filament Yarn of Polyester. India should concentrate on upscaling production of these products which could enable the country to become the primary supplier of these 3 products to South Korea.

HS Code	Product Name	RCA
620240	Women's/Girls' Overcoats, Car-Coats, Anoraks, etc.	0.04
620140	Men's/Boys' Overcoats, Car-Coats, Anoraks, etc.	0.08
611030	Jerseys, Pullovers, Cardigans, Waistcoats (Man-Made Fibres)	0.17
610910	**T-shirts, Singlets, Vests (Cotton, Knitted or Crocheted)**	2.19
611020	Jerseys, Pullovers, Cardigans, Waistcoats (Cotton, Knitted or Crocheted)	0.97
620343	Men's/Boys' Trousers, Overalls, Breeches (Synthetic Fibres)	0.13
620462	Women's/Girls' Trousers, Overalls, Breeches (Cotton)	0.53
610990	T-shirts, Singlets, Vests (Textile Materials, Knitted or Crocheted)	0.36
620463	Women's/Girls' Trousers, Overalls, Breeches (Synthetic Fibres)	0.09
630790	Made-up Textile Articles (Dress Patterns, etc.)	0.48
621133	Men's/Boys' Tracksuits & Garments (Man-Made Fibres)	0.05
620342	**Men's/Boys' Trousers, Overalls, Breeches (Cotton)**	1.25
621143	Women's/Girls' Tracksuits & Garments (Man-Made Fibres)	0.07
630532	Flexible Intermediate Bulk Containers (Synthetic or Man-Made Textiles)	0.24
621149	Women's/Girls' Tracksuits & Garments (Textile Materials)	0.77
611011	Jerseys, Pullovers, Cardigans, Waistcoats (Wool, Knitted or Crocheted)	0.05
621210	Brassieres (All Types, Textiles, Knitted or not)	0.08
560392	Nonwovens (Impregnated, Coated, Laminated)	0.25
620433	Women's/Girls' Jackets, Blazers (Synthetic Fibres)	0.07
540233	**Textured Filament Yarn of Polyester (Not for Retail Sale)**	7.48

However, it is concerning that India has not been able to capture any of the major top 10 textile products that are imported by South Korea. Out of the top 20 products, only three feature in the RCA for India out of which two are cotton based products. India exports textured filament yarn of polyester but has not been able to ship finished products made from the same material. South Korea relies more on its other FTA partners and mass-producing countries such as China and Bangladesh.

In conclusion, despite the CEPA with South Korea, India has not been able to increase the share of Indian textiles in the South Korean market. The major reasons identified are both internal and external. External factors include South Korea having major free trade agreements with textile producing countries such as Vietnam and other ASEAN countries, and Türkiye which further adds to the complexity.

Non-tariff measures used by the South Korean government has also proven to be detrimental to the exports of Indian goods to South Korea. Despite a CEPA in place, major high-value products such as apparels and home textiles have 17 to 22 trade requirements whereas raw materials do not have as many.

Internal problems include India's reluctance to upgrade its product standards. Therefore, India should try to include raw materials, that it largely exports, in the production of finished goods. This would help satisfy the Rules of Origin requirements of the CEPA and would also lead to exports of higher quality goods.

Source: fibre2fashion.com– Nov 30, 2024

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Trump's threat of 100% tariffs if BRICS nations adopt common currency unrealistic: GTRI

US President-elect Donald Trump's latest tariff threat directed towards the BRICS nations, including India, warning against the proposed adoption of a BRICS common currency, is unrealistic and more symbolic than practical, according to research body Global Trade and Research Initiative (GTRI).

The threatened imposition of 100 per cent tariffs would harm US consumers by raising prices of imports, disrupt global trade and risk retaliation from key trading partners, it said in a report shared on Sunday.

"The global shift away from the US dollar is a complex process driven by economic diversification, not easily deterred by threats. Such rhetoric ignores the interdependence of global economies and oversimplifies the challenges in enforcing such drastic measures," the GTRI report added.

The idea that the BRICS countries are trying to move away from the dollar while we stand by and watch is over, Trump said on Saturday in a post on Truth Social, a social media platform owned by him.

"We require a commitment from these countries that they will neither create a new BRICS currency, nor back any other currency to replace the mighty US dollar or, they will face 100 per cent tariffs, and should expect to say goodbye to selling into the wonderful US economy," he posted.

The BRICS grouping, which includes Brazil, Russia, India, China, South Africa and the recently inducted Iran, Egypt, Ethiopia, and the United Arab Emirates, were not yet considering a BRICS currency and it was a long-term prospect, Russian President Vladimir Putin had said in a press meet prior to the 16th annual BRICS summit in Kazan in October.

Putin had added that the BRICS focus should be on the use of their national currencies, new financial instruments and the creation of an analogue of SWIFT.

During an an interaction with Washington-based thinktank Carnegie Endowment for International Peace, External Affairs Minister S Jaishankar had clarified in October that India was not for de-dollarisation but as US policies often complicated trade with certain countries, it sought "workarounds" with no intentions of moving away from dollar usage.

However, a multipolar world will eventually be reflected in currencies and economic dealings, he added.

For India, the prudent approach is to focus on making local currency trading workable by establishing a transparent and open currency exchange, the GTRI report noted.

"India's best interests lie neither in the domination of the US dollar nor in fully adopting a BRICS currency at this stage. By enhancing its own financial infrastructure, India can better navigate the shifting dynamics of global trade," said Ajay Srivastava, trade expert and founder of GTRI.

While the US dollar, which accounts for over 90 per cent of transitions world wide, dominates global trade, it is not the only currency used internationally. Other convertible currencies like the Japanese yen, the euro, and the British pound are also integral to global commerce, and the United States has not objected to their use, the report stated.

"The proposed BRICS currency is simply an extension of these existing alternatives, aiming to facilitate trade among member countries and reduce over-reliance on a single currency," it added.

Source: thehindubusinessline.com– Dec 01, 2024

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Industry 5.0, weaving a new future for Indian textiles

The Indian textile industry is ready for a change with the advent of Industry 5.0. A new report, 'Decoding the Fifth Industrial Revolution: Marching towards a resilient, sustainable and human-centric future', highlights the potential of this new technology to revolutionize the sector, boosting profitability and creating a more sustainable and human-centered approach to production.

Report highlights

Higher profits through automation and AI: Industry 5.0 technologies, such as advanced robotics, artificial intelligence (AI), and the Internet of Things (IoT), can significantly enhance productivity and efficiency in textile manufacturing. This translates to reduced costs, faster production times, and ultimately, increased profitability.

Sustainability as a core principle: The report emphasizes the importance of sustainability in Industry 5.0. By leveraging technologies like AI-powered energy management systems and water-recycling solutions, textile companies can minimize their environmental footprint and contribute to a circular economy.

Human-centric approach: Industry 5.0 prioritizes the well-being of workers. By automating repetitive and hazardous tasks, it allows employees to focus on more creative and value-added roles, leading to improved job satisfaction and skill development.

Mass personalization: Industry 5.0 enables mass personalization, allowing textile companies to cater to individual customer needs and preferences. This can be achieved through technologies like 3D printing and on-demand manufacturing.

Implementation of Industry 5.0

Several factors are likely to drive the implementation of Industry 5.0 in the Indian textile sector. The Indian government is actively promoting Industry 4.0 and 5.0 through initiatives like the 'Make in India' campaign and the 'National Policy on Advanced Manufacturing'.

These policies provide incentives and support for companies adopting advanced technologies. And with global competition intensifying, Indian textile companies need to embrace Industry 5.0 to remain competitive. By adopting advanced technologies, they can improve product quality, reduce costs, and enhance customer satisfaction.

Consumers too are demanding personalized products and sustainable practices. Industry 5.0 enables textile companies to meet these demands, leading to increased customer loyalty and market share.

Table: Industry 5.0 and its impacts on profits

Factor	Impact on profitability
Automation and AI	Reduction in production costs by 15-20%
Energy-efficient technologies	Decrease in energy consumption by 10-15%
Reduced waste and improved resource utilization	Savings of 5-10% on raw material costs
Mass personalization	Increase in sales by 10-15%

In India some companies have already incorporated Industry 5.0. For example, Leading textile manufacturer, Arvind Limited has implemented AI-powered systems to optimize its production processes. This has resulted in a significant reduction in energy consumption and waste generation, leading to improved profitability and sustainability.

Similarly, Welspun India, a global home textile leader, has embraced automation and robotics to enhance its manufacturing efficiency. This has led to higher production capacity and lower labor costs, contributing to higher profits.

Therefore, industry 5.0 presents a significant opportunity for the Indian textile sector to enhance its profits, sustainability, and competitiveness. By embracing advanced technologies and prioritizing human-centric values, textile companies can weave a new future of growth and prosperity.

Source: fashionatingworld.com– Dec 02, 2024

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Kasturi Cotton invites industry to show collections at Bharat Tex 2025

Kasturi Cotton, renowned as the finest Indian cotton, is pleased to announce a unique opportunity for textile industry participants to showcase their creations at Bharat Tex 2025, the premier event for the textile industry, scheduled from 14th to 17th February 2025. The event promises to bring together international brands and buying houses, presenting an exceptional opportunity for manufacturers and designers to connect with key stakeholders in the global textile market.

Kasturi Cotton has already generated a positive response from international brands and buying houses and is now seeking to further bridge the gap between demand and supply by inviting stakeholders in the textile industry to develop and showcase collections that highlight the superior quality and versatility of Indian cotton.

Collection Lines to be Featured:

- Kasturi Cotton Home – A premium range of home textiles made from the finest Indian cotton, featuring beddings, curtains, upholstery, and home décor items. This collection will emphasize the strength, durability, and luxurious feel of Kasturi Cotton.

- Kasturi Cotton Garment – A sophisticated range of men's and women's garments, elevating personal style with the softness, durability, and luxury of Kasturi Cotton. This collection is designed to bring comfort and elegance to everyday wear.

- Kasturi Cotton Soft – A vibrant, comfortable, and durable collection designed for infants, kids, and teens, offering an array of colorful, playful apparels made from the finest cotton for ultimate comfort.
- Kasturi Cotton Comfort – A versatile collection featuring absorbent, stretchable, and durable fabrics perfect for T-shirts, loungewear, and innerwear. Textured for maximum comfort, this line promises both functionality and style.

- Kasturi Cotton Luxe – A high-end collection desired by global brands. This premium range features top-quality fabric with exclusive designer pieces, crafted to meet the highest international standards and stringent specifications.

Benefits for Participants:

By participating in this exciting opportunity, collection creators will have their works showcased both at the Kasturi Cotton booth and at their individual booths during the event. In addition, Kasturi Cotton will provide a comprehensive kit to all buyers attending Bharat Tex 2025, which will include detailed information about the collections and the contact information of the collection creators. This will enable direct interactions between buyers and creators, facilitating meaningful business opportunities and collaborations.

How to Participate:

Kasturi Cotton is calling on registered textile stakeholders interested in participating in this initiative to connect with them for more details.

This is an unparalleled opportunity for textile manufacturers and designers to present their work on a global stage and engage with top international brands and buyers at Bharat Tex 2025.

Source: fibre2fashion.com– Dec 02, 2024

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India's Odisha state approves investment projects worth $16.08 bn

The government in India’s Odisha state recently approved 20 investment projects worth ₹1.36 lakh crore ($16.08 billion).

The state’s high-level clearance authority headed by chief minister Mohan Charan Majhi approved the projects that are estimated to offer jobs to over 74,350 and boost economic growth, an official release said.

The approved projects span nine sectors: apparel and textiles, steel, chemicals, aluminium, aviation fuel, green energy and equipment, power, renewable energy and cement.

These will be set up in 10 districts: Jajpur, Jharsuguda, Khurda, Sambalpur, Ganjam, Kalahandi, Malkangiri, Dhenkanal, Bhadrak and Jagatsinghpur.

In the last six months, Odisha has attracted investments exceeding ₹1.80 lakh crore through 73 industrial projects, which would create employment for over 1.1 lakh individuals, the official statement said.

Source: fibre2fashion.com– Dec 02, 2024

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New route for INSTC gets activated for Indo-Russian trade

India has used a new Transcaspian leg of the International North South Transportation Corridor or INSTC for the first time to transport goods to Russia.

The first pilot container from India carrying agricultural goods and food items recently arrived at the Makhachkala Sea checkpoint on the Caspian Sea's western coast, ET has learnt.

The container travelled from India via Iran and used the Caspian Sea route to reach Makhachkala in Russia's Dagestan region for onward journey through a multi-modal transportation model.

The delivery was carried out to assess the possibility of using multimodal transportation along the trans-Caspian route of the INSTC for regular supplies of agricultural products from India to Russia, officials said.

Russia is seeking to diversify its imports of certain agriculture products from Latin America and eyeing India as a supplier. Moscow is actively considering imports of certain agricultural goods and food items from India on a regular basis.

Though slow in implementation, INSTC is among India's key connectivity initiatives to Eurasia. Over the last two years, the volume of trade between India and Russia has expanded using INSTC.

The INSTC contains three main routes relative to the Caspian Sea, including the Trans-Caspian Route through the ports of Astrakhan, Olya and Makhachkala in Russia, and the ports of Bandar Anzali, Amirabad and Nowshahr in Iran.

The second is the Eastern Route along the existing railway line through Kazakhstan, Turkmenistan and Iran. Some consignments to India came via this route from Eastern Russia.

The Western Route extends from Astrakhan through Samur across Azerbaijan to the Astara station, and through Iran via the under-construction Astara-Rasht-Qazvin line.

Azerbaijan is working on operationalising the route via its territory which takes the shortest possible time between Mumbai and St Petersburg.

The Azerbaijan route is the original route of the three INSTC routes for Indo-Russian trade via Iran, but Azerbaijan has been slow in boosting infrastructure. Armenia too wants to join the INSTC, making it the fourth route for trade between India, Russia, Eurasia and Europe.

In May 2023, Russia and Iran signed an intergovernmental agreement to team up for the construction of the 162-km Rasht-Astara railway line. The project provides for €1.3 billion Russian allotment to Iran. The project, estimated at €1.6 billion, is scheduled to be completed in 2027-28. This was agreed upon during Russian President Vladimir Putin’s visit to Azerbaijan in August.

Uzbekistan is keen to harness the full potential of INSTC as well as Iran’s Chabahar Port in the backdrop of the Bilateral Investment Treaty (BIT) signed in Tashkent in September during the visit of finance minister Nirmala Sitharaman. Uzbekistan sent its cargo to India via INSTC a few months ago.

INSTC and Chabahar Port provides a second option to the Eurasian states to access the ocean apart from China's Belt and Road Initiative which violates India's sovereignty passing through Pakistan-Occupied Kashmir. (PoK).

Source: economictimes.com– Dec 02, 2024

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Shipping reforms can build supply chain resilience

The Covid- pandemic exposed the vulnerability of global supply chains (GSCs). The subsequent geopolitical crises, including the Suez Canal blockage in 2021, the ongoing Israel-Gaza conflict, and the Russia-Ukraine conflict, have further destabilized the already fragile ecosystem of GSCs.

These current situations characterised as VUCA (Volatility, Uncertainty, Complexity, and Ambiguity), has profoundly affected GSCs, eroding its resilience and reliability.

Despite the debilitating impact of disruptions on India's shipping industry, the path to building resilience in the face of VUCA lies in acknowledging India's pivotal role and harnessing a collaborative global effort.

By recognizing the interconnectedness of global supply chains and the effects of VUCA, India can leverage its strategic position to foster a unified response, promoting a more robust and adaptable shipping ecosystem.

Through collective action and international cooperation, India can transform these vulnerabilities into strengths, ensuring a more resilient and sustainable future for its shipping industry.

To build resilience against VUCA, strategic alliances within container shipping provide a blueprint. By improving schedule reliability from 60 per cent to 90 per cent, these alliances enable shippers to plan their export-import (EXIM) operations more effectively.

India can become a key player in stabilizing global supply chains by initiating modernization of ports, enhancing inland connectivity, and promoting the 'Make in India' campaign.

Additionally, India could actively support sustainable logistics practices by adopting green technologies in its shipping sector, helping to reduce fuel consumption and align with global sustainability goals.

VUCA resilience

For developing countries, VUCA resilience requires a balanced approach combining self-regulation and organized trade regulation. There is a critical need for the shipping industry to build trust among stakeholders, including freight forwarders, non vessel operating common carriers, and the broader trade network.

India, as a major exporter with a strong MSME base, can play a pivotal role by driving greater transparency in logistics costs, promoting stability in freight rates, and leading the push for collective crisis management within the global trade network.

Moreover, global forums like the International Maritime Organization (IMO) and the United Nations Conference on Trade and Development (UNCTAD) must prioritize discussions on regulatory frameworks to manage future disruptions. India can champion better global regulatory standards, protecting developing economies' interests.

In September 2022, the government launched the National Logistics Policy to enhance the country's resilience to VUCA challenges through targeted processes, actions, and technological interventions.

This improved India's logistics ranking from 44 to 38 globally. The government also focuses on enhancing port performance and promoting transparency and efficiency in the logistics market by establishing a service improvement group to address issues impacting ease of doing business.

Tech initiatives

On the technology front, a Unified Logistics Interface Platform (ULIP) is being developed, with the marine version – Sagarsethu already operational. Infrastructure improvements are a priority, with the PM GatiShakti initiative leveraging geospatial technologies to plan multi-modal infrastructure projects.

The development of multi-modal logistics parks, seamless last-mile road/rail connectivity to ports, and guidelines for boosting domestic ship building and container manufacturing are key initiatives.

Additionally, the government recently approved the establishment of 12 industrial corridors, which will further boost manufacturing and exports.

In conclusion, GSC disruptions should be viewed as a challenge for global economy, requiring global cooperation based on geoeconomic considerations more than geopolitical ones, to withstand the high VUCA waves.

Therefore, amidst trend toward regionalization and strategic trade positioning in this new era of trade dynamics, a global solution through collaboration in times of conflict is essential. The Global South, in particular, must collectively develop strategies to mitigate these disruptions.

Source: thehindubusinessline.com– Dec 02, 2024

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Cotton farmers hold produce hoping for higher prices in Maharashtra

In Maharashtra, many farmers are keeping their cotton output in reserve and are selling it to the Government's minimum support price (MSP) facilities. In order to obtain an anticipated higher price, farmers are anticipating that a bonus payout will be announced once the new cabinet takes office.

Other farmers are also depending on more rational factors, like declining domestic production and increasing global prices. Cotton's MSP is Rs. 7,521, although its private market prices range from at least Rs. 7,000 to Rs. 7,200 per quintal. MSP, a technique for price intervention, takes effect when crop rates fall. Because the Government buys at MSP, even private traders match the rates. Farmers hope to get at least Rs. 8,000 if the government announces a bonus payout during the winter session of the legislature.

The Cotton Corporation of India (CCI) has taken up the MSP activities. Over 7 lakh quintals, or 1.4 lakh bales, were bought in nearly two months. Maharashtra, on the other hand, is expected to produce around 84 lakh bales. This indicates an increase of over 4 lakh bales over the previous year.

Source: apparelresources.com– Dec 02, 2024

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North India cotton yarn remains stable despite high demand

North India cotton yarn prices steadied despite visible indications of better demand. North India's major markets, Delhi and Panipat, noticed stability in cotton yarn prices. Market experts said that cotton yarn demand has picked up. Mills are trying to hike their selling rates after support from costlier natural fibre.

However, market prices of cotton yarn did not significantly rise in the last couple of days. Cotton yarn prices had seen a substantial rise in the last week. However, its prices were under pressure on Monday in north India. Panipat also saw steadiness in recycled yarn prices. However, the market noticed good demand for blankets and winter garments made from recycled yarn. The country, especially north India, has begun to shiver in the winter season.

Cotton yarn demand was better in the Ludhiana market despite stability in prices. The market noticed cotton yarn buying for summer garments. A trader from the Ludhiana market told Fibre2Fashion, "Ludhiana market is known for producing leggings.

Its production increased ahead of the winter season. The wedding season is still running in full swing, which is a major selling occasion. The summer season encouraged manufacturers to ramp up their production. Not only cotton but also polyester-cotton yarn demand improved in the last couple of weeks."

In Ludhiana, 30 count cotton combed yarn was sold at ₹257-267 (approximately $3.03-3.15) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹247-257 (approximately $2.92-3.03) per kg and ₹252-262 (approximately $2.97-3.09) per kg, respectively; and carded yarn of 30 count was noted at ₹237-242 (approximately $2.80-2.86) per kg today, according to trade sources.

The Delhi market also noticed stability in cotton yarn prices. There was good demand in the market from the downstream industry. According to market sources, after the rise in cotton prices, spinning mills are trying to increase yarn prices to improve their margins.

In Delhi, 30 count combed knitting yarn was traded at ₹260-262 (approximately $3.07-3.09) per kg (GST extra), 40 count combed at ₹282-290 (approximately $3.33-3.42) per kg, 30 count carded at ₹237-239 (approximately $2.80-2.82) per kg, and 40 count carded at ₹262-265 (approximately $3.09-3.13) per kg today.

Source: fibre2fashion.com– Dec 02, 2024

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GST rate overhaul: GoM to propose revisions for 150 items, report on Dec 21

A Group of Ministers (GoM) for rationalising GST rates is expected to recommend to the GST Council rejig on 150 goods and services including textiles. It is also likely to suggest a new slab of 35 per cent for tobacco and tobacco-related products against the present rate of 28 per cent (excluding compensation cess).

According to sources, all these issues were discussed on Monday in a meeting of GoM rate rationalisation chaired by Deputy Chief Minister of Bihar Samrat Chaudhary. The GoM agreed on several GST rate changes designed to simplify the GST framework and enhance revenue collection. The report is set to be presented at the 55th GST Council meeting on December 21 in Jaisalmer, which will be chaired by Finance Minister Nirmala Sitharaman.

It is believed that the GoM has recommended lowering rates for textiles, bicycles, exercise books — items of common use. According to a source, the GoM has suggested a revised slab structure that keeps the 5 per cent rate for textile items up to ₹1,500 but proposes an 18 per cent tax for products priced between ₹1,500 and ₹10,000. For textiles priced above ₹10,000, the report recommends a hike to 28 per cent, aligning them with luxury goods.

Textiles are one of the sectors facing issues related to an inverted duty structure (higher duty on raw materials and lower duty on output results in a refund). Earlier, the suggestion was to remove this by raising the rates in final outputs based on prices. However, because of political considerations, this recommendation was deferred. Currently, the GST rate structure for textiles applies a 5 per cent tax on items priced up to ₹1,000 and a 12 per cent tax on those priced above ₹1,000.

The GoM is believed to have suggested raising GST rates on several luxury items, including high-end wristwatches and shoes. Sources said the GoM has proposed increasing the GST rate on wristwatches priced above ₹25,000 from 18 per cent to 28 per cent. Similarly, shoes costing over ₹15,000 will also see a tax hike, with the rate going from 18 per cent to 28 per cent.

In a bid to provide relief on everyday essential items, the GoM has proposed lowering the GST on bicycles priced below ₹10,000 from 12 per cent to 5 per cent. Exercise books and packaged drinking water above 20 litres would also see a reduction in GST from 12 per cent and 18 per cent, respectively, to 5 per cent.

Source: thehindubusinessline.com– Dec 02, 2024

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Bihar is all set to be the next thriving textile hub of India!

The State Government of Bihar is aiming to make the state a crucial player in India's textile and leather industries, meanwhile, also creating massive job opportunities for the states' residents, a senior government official said.

To meet with top producers and business leaders, a departmental delegation travelled to Tirupur, a major hub for the production of textiles worldwide. The team learned a lot about the cutting-edge technologies, effective procedures and industry best practices that have made Tirupur a world leader.

Industries Minister Nitish Mishra of the Bihar Government stated that the next global business conference in Patna would be a great success and draw more investment offers than the Rs 50,000 crore (US $ 5.91 billion) it received in 2023.

From 19th-20th December 2024, the State Government will host the second edition of 'Bihar Business Connect' in Patna in an effort to draw in both local and foreign investors. Up to 278 firms signed memorandums of understanding (MoUs) for a potential investment of Rs 50,500 crore (US $ 5.97 billion) at the most recent investor gathering in 2023.

Source: apparelresources.com– Nov 30, 2024

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