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USD	EUR	GBP	JPY
84.72	89.20	107.76	0.57

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INTERNATIONAL NEWS

Global trade to hit record $33trln in 2024, says UN

The United Nations Conference on Trade and Development (UNCTAD) projected global trade to reach a record $33 trillion in 2024, reflecting a $1 trillion increase compared to 2023.

This represents an annual growth of 3.3 percent, showcasing the resilience of global trade despite ongoing challenges.

According to UNCTAD's latest Global Trade Update, the robust growth in trade services, which increased by 7 percent this year, contributed significantly to this expansion, accounting for half of the overall growth.

In contrast, goods trade grew by a modest 2 percent, remaining below its 2022 peak. The report highlighted challenges for developing economies, traditionally key drivers of global trade. These economies faced a 1% contraction in imports and a similar decrease in South-South trade during Q3 2024.

On the other hand, advanced economies led the quarter’s growth, with stable demand driving a 3% rise in imports and a 2% increase in exports.

Despite obstacles, the report emphasised opportunities for developing countries to capitalise on high-growth sectors. Trade in ICT goods and clothing surged by 13% and 14% respectively in Q3, underscoring the potential for diversification into value-added industries.

Sector-specific data revealed declines in traditional sectors critical to developing economies. Energy trade fell by 2% in Q3 and 7% over the year, while metals trade contracted by 3%.

Automotive trade shrank by 3% in Q3 but is expected to close the year with a 4% annual growth rate. Meanwhile, stable global growth forecasts and reduced inflation offer promising prospects for building resilience in 2025.

Source: zawya.com– Dec 09, 2024

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EU and Latin American 'Mercosur' Nations Shake on Controversial Free-Trade Deal

A controversial agreement more than two decades in the making aims to solidify trade relations between the European Union and four Latin American nations.

Argentina, Brazil, Paraguay and Uruguay—known as the Mercosur countries—agreed to the formation of a free-trade pact with the EU on Friday.

At a summit in Montevideo, Uruguay's capital, European Commission President Ursula von der Leyen announced that the "ambitious and balanced agreement" represents a "truly historic milestone."

If finalized, it will lower trade barriers and make it easier for EU firms to sell goods and services—and invest— in Mercosur countries, according to the European Commission. It will give the EU access to sustainable raw materials, further integrate value chains and help industries on both sides of the agreement compete on a global stage.

It will also remove bilateral tariffs on about 90 percent of traded products like textiles, chocolate, wine and spirits, cars, machinery and technology, eliminating about 4 billion euros worth of duties annually.

While the EU is Mercosur's second-largest trading partner, accounting for nearly 17 percent of its total trade last year, the region's economies are "highly protected," and European firms "face many trade barriers when exporting there, which makes it hard for them to compete under fair conditions," the Commission said Friday.

High import duties and technical regulations that deviate from international standards have impeded further growth. "There is huge potential for EU firms to export even more to this large market of over 273 million people," it wrote.

At the summit, von der Leyen said it was important that democracies find reliability in each other in "an increasingly confrontational world."

"This agreement is not just an economic opportunity, it is a political necessity," she said. According to von der Leyen, the goal of the agreement is the formation of a cohesive new market of over 700 million consumers across the EU and Latin America.

Speaking on behalf of the Mercosur nations, President of Uruguay Luis Lacalle Pou was more restrained and succinct. "There are no magic solutions, there are no bureaucrats or governments that sign off on prosperity. It is an opportunity," he said.

The Mercosur countries collectively rank as the EU's 10th largest trading partner.

While von der Leyen said the deal would result in "more jobs—and good jobs," along with "more choices and better prices" for all, there may be a long, rocky road ahead to finalizing the EU-Mercosur agreement.

France has been the most vocal opponent, with the Elysee, the official office of President Emmanuel Macron, releasing a statement on X calling it "unacceptable" in its current state. Italy and Poland, too, have publicly repudiated the deal in its present form.

Farmers across Europe worry that the deal will allow cheaper, non-compliant agricultural imports like beef to make their way into the EU market and undercut their earnings.

COPA-COGECA, a union comprised of two of Europe's largest agricultural organizations, has long resisted the formation of a trade agreement. "For years, we have expressed firm opposition to this outdated and problematic agreement. While we recognize the EU's need to deepen trade relations in the current geopolitical context, this must not come at any cost," the group wrote over the summer in a press release re-posted on X Friday morning.

According to the group, opening up free trade with Mercosur countries "will exacerbate the economic strain on many farms already grappling with high input prices and challenging climatic conditions." The Latin American nations "do not meet the production standards required of EU agriculture, whether in terms of plant protection products, animal welfare, or sustainability practices," it added.

"Mercosur nations also operate under lower labor and safety standards, enabling them to produce at lower costs, which makes fair competition impossible."

While the EU-Mercosur agreement has no shortage of detractors, other EU nations like Germany, Spain and Portugal are throwing their weight behind it.

"Today, the European Union has achieved a historic agreement with Mercosur to establish an unprecedented economic bridge between Europe and Latin America," Spanish Prime Minister Pedro Sanchez wrote on X. "Spain will work to ensure that this agreement is approved at the (European) Council, because trade openness with our Latin American friends will make us all more prosperous and resilient."

Portuese Prime Minister Luis Montenegro similarly praised "the historic conclusion of the negotiations of the EU-Mercosul Agreement" on social media. "We have to move forward quickly to create the largest free trade zone in the world, with 700 million consumers, creating opportunities for our cities and companies," he said.

Source: sourcingjournal.com– Dec 06, 2024

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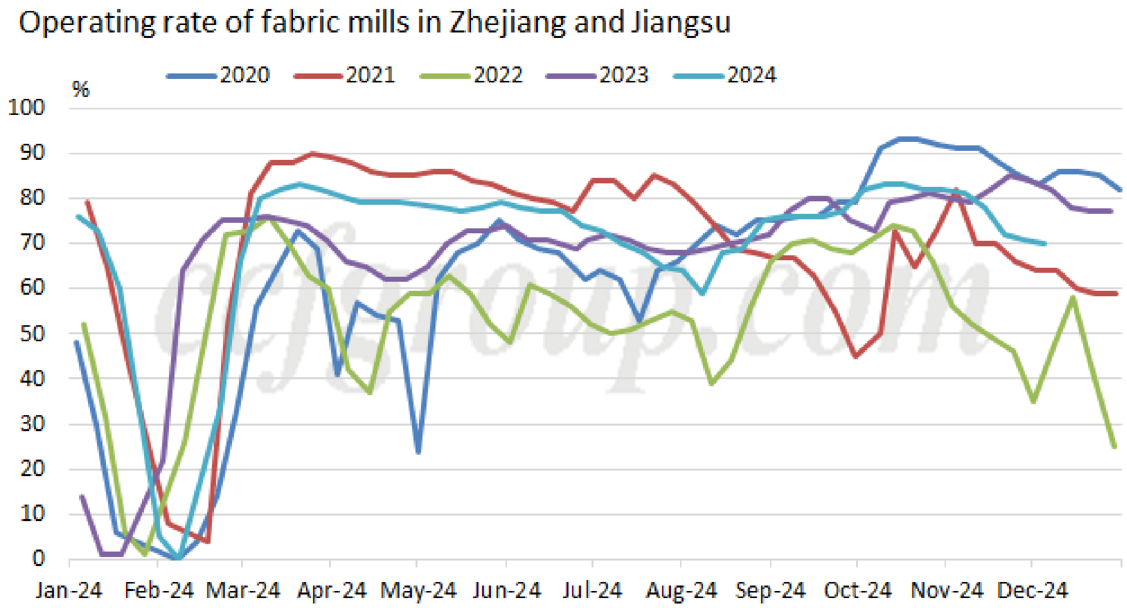
China: How about the performance of textile market at the end of year?

In the fourth quarter, downstream demand has significantly underperformed compared to last year. After a brief recovery during the traditional peak season in October, downstream demand began to show a gradual downward trend. Some customers mentioned that this year's peak season lasted only a short time, with business picking up for just over 20 days before cooling off. Others felt that there was hardly any peak season in the second half of the year.

Demand was worse than anticipated in the fourth quarter. The inventory of chemical fiber plants, DTY producers and fabric mills reduced slowly and was apparently than the same period of last year, but the feedstock remained low as players lacked confidence.



The inventory of grey fabrics has been higher than the corresponding period of past years. The operating rate of downstream plants may be lower than the first half of this year in the first half of 2025.

Upstream feedstock prices rapidly rose for a short period in early-October and then started falling. Price of PFY was lower than the early-low in end-September by end-November. The downstream sector generally feels that polyester filament yarn prices are currently at a historically low level, but there are some differences in their willingness to stock up for the upcoming New Year.

Some business owners in the downstream industry express a desire to stock up on more goods before the holiday or believe that maintaining a reasonable level of finished product inventory is not a big issue. Some hold cautious mindset in the market status next year, especially regarding the trend of oil prices and the uncertainty about the escalation of the trade war brought about by Trump after taking office. Some feel that the potential returns from stocking up on raw materials are small and are reluctant to accumulate inventory, preferring to wait and see after the holiday.

The replenishment of downstream plants at the end of year will be related with the turnaround of chemical fiber plants during the Spring Festival holiday.

Downstream factories think large chemical fiber companies will have turnaround during the Spring Festival holiday but the strength will not be too large. Downstream buyers need to restock before the Spring Festival holiday (normal replenishment for 15 days of production by convention and some will restock for 20-30 days of production if they are optimistic about the trend after Spring Festival holiday). Chemical fiber plants may not face too big inventory burden before holiday while downstream plants will shut down for holiday. As a result, the inventory pressure will be incarnated in chemical fiber plants after holiday, especially when the turnaround during the Spring Festival holiday is limited.

At the end of this year, downstream operating rate has entered a downward channel early, with average run rate lower than the same period of last year. The Spring Festival holiday schedule of this year may be earlier than last year on downstream sector. Some downstream factories with bad business may shut down for holiday after December 20 while most want to insist on production until after the New Year's Day holiday or early-Jan, mainly factoring into the recruitment of workers for the next year and low feedstock price. The actual implementation will depend on the status in December. If the business is really bad, the holiday will be ahead of schedule. Most downstream plants will suspend production for holiday for near one month and most will restart operation after twelfth day of the first month while non-local workers will come back to work after the Lantern Festival holiday.

Source: ccfgroup.com– Dec 09, 2024

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China's manufacturing sector expansion accelerates midway in Q4 2024

The expansion of China's manufacturing sector accelerated midway in the final quarter (Q4) of the year, according to S&P Global Ratings.

Higher new work inflows, including from abroad, led to a solid rise in production.

Purchasing activity and inventory levels also rose as confidence about the year ahead grew.

Sentiment in the sector improved in the penultimate month of the year. The level of confidence was the highest since March. Firms signalled hopes that better economic conditions and government policies can support sales in the year ahead.

Employment levels declined despite a further accumulation of backlogged work. This was partially attributed to cost concerns as input price inflation accelerated in the month. Average selling prices also rose at a quicker pace as a result.

The headline seasonally-adjusted manufacturing purchasing managers' index (PMI) rose to 51.5 in November, up from 50.3 in October.

Rising further past the 50 neutral mark, the latest data signalled that conditions in the manufacturing sector improved for a second straight month. The pace of growth was the fastest since June and above the series average.

Central to the latest advancement in manufacturing sector conditions was greater new business inflows. Incoming new orders placed with Chinese manufacturers increased amongst the fastest rate in three-and-a-half years.

A renewed rise in export orders also supported the rise in overall new orders.

Better underlying demand conditions, new product launches and stockpiling following the US election were amongst the reasons for the rise in new work, according to a release from S&P Global.

Production levels increased on the back of higher new work, rising at the quickest rate since June, with intermediate goods makers recording the fastest rate of growth among the monitored segments.

A second successive month of backlog accumulation was meanwhile observed in the Chinese manufacturing sector, though firms remained cautious about hiring.

Headcounts declined for a third straight month in November due to resignations and redundancies.

Average input prices increased at the fastest pace in five months as raw material costs were reported to have risen. In turn, firms shared their additional cost burdens with clients, leading to the quickest gain in selling prices since October 2023.

Export charges continued to fall marginally, however, with international pricing power hit by competition.

Source: fibre2fashion.com– Dec 08, 2024

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Early shoppers, steady economic growth to boost US holiday sales: NRF

Strong results during the third quarter and continued growth in key economic data since then have set the stage for a solid holiday season in the US, National Retail Federation (NRF) chief economist Jack Kleinhenz has said.

With a late Thanksgiving this year cutting the shopping period short by five days compared to last year, many consumers got a head start on their holiday purchases. The NRF maintains its holiday season growth forecast with retail sales expected to increase by 2.5 to 3.5 per cent over 2023.

"Shoppers have already been busy since the start of November, setting the stage for a successful holiday retail period," Kleinhenz stated, highlighting that nearly 200 million people participated in shopping events from Thanksgiving through Cyber Monday.

US economic indicators remain strong, with third-quarter GDP growth at 2.8 per cent and personal consumption rising by 3.5 per cent year-over-year. Despite a slight lag in gross domestic income growth at 2.2 per cent, neither metric suggests a halt in economic growth, with a projected fourth-quarter GDP increase of 2 per cent, the NRF said in a press release.

Employment figures in October were modest due to impacts from hurricanes and labour strikes, yet unemployment stayed stable at 4.1 per cent, and consumer spending continues to be resilient. Increases in disposable income and employee compensation further support sustained consumer spending, which climbed by 5.4 per cent in October. Additionally, inflation is nearing the Federal Reserve's target, providing further optimism for the retail sector during the holiday season.

Source: fibre2fashion.com– Dec 08, 2024

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Global e-com market $26.8 trn now, may hit $214.5 trn by 2033: IMARC

The global e-commerce market size is valued at $26.8 trillion this year and is projected to reach $214.5 trillion by 2033, according to the latest report by market research provider IMARC Group.

From established giants in the US and Europe to fast-paced markets in Asia, the e-commerce revolution is creating a competitive marketplace that transcends geographical boundaries, it observed.

Vietnam will lead Southeast Asia's e-commerce revolution, with the country's digital economy estimated to reach $220 billion by 2030, portraying ample opportunities for global investors. Projections indicate that Ho Chi Minh City and Hanoi will develop to become significant hubs, it said. Vietnam's e-commerce industry will see a compounded annual growth rate of 28 per cent from 2025 to 2033.

Favourable regulatory conditions, expanding foreign investments and enhanced internet accessibility will make Vietnam's e-commerce ecosystem see sustained expansion, transforming it into a regional powerhouse in the digital economy, the report noted. E-commerce accounts for over 60 per cent of Vietnam's digital economy.

Its progressing e-commerce landscape is characterised by successful local platforms including Tiki, Sendo, and Thegioididong, driven by investments from Japan, the United States, Germany, China, South Korea and Singapore.

The report highlights several factors behind Vietnam's appeal to the world. These include high growth potential driven by a young and tech-savvy population, favourable government policies, increasing foreign direct investment and a strong export-focused economy; favourable investment climate, tax incentives, reduced tax rates, flexible labour policies, improved labour relations, support for public-private partnerships.

Source: fibre2fashion.com– Dec 06, 2024

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Key barriers hinder European brands from efforts to transform: EFA

Despite the strong will and desire to transform the European fashion industry and adopt sustainable practices, significant barriers hinder many brands from making substantial changes, according to The Status of European Fashion Report 2024, recently released by the European Fashion Alliance (EFA) in Brussels.

A significant lack of knowledge, financial resources and human capacity are pressing as brands face increasingly stringent environmental and social regulations, it said.

The European fashion industry is at a pivotal moment where sustainability, technological innovation, and talent development must converge to secure its future, it noted.

The industry can transition into a more ethical, transparent and sustainable business model by embracing new regulations, adopting cutting-edge technologies and investing in training.

Clear and standardised guidelines, as well as financial support and incentives to bridge the financial gap and investment in dedicated personnel to enable companies to adopt greener practices are needed.

Industry-specific roadmaps that simplify compliance processes would help businesses align with sustainability goals more easily and avoid missteps, said the report.

Additionally, collaboration among policymakers, industry leaders and educators is key to navigating these complex changes.

The report is based on a survey conducted among 211 creative-driven industry representatives, supplemented by qualitative interviews with leading opinion leaders.

There is widespread recognition of the negative public perception of the fashion industry, largely driven by concerns about ethics and sustainability, driven by profitable business models promoting rapid consumption at the expense of quality and value. Restoring trust in

Europe's textile industry has become a crucial endeavour now, the report noted.

A large majority of companies is investing in sustainability practices driven by consumer demand, regulatory pressure and a general shift in corporate responsibility. However, while 88 per cent of surveyed organisations have invested in sustainability, over half still lack the tools or support needed for a full transition to sustainable practices.

Though digital transformation is reshaping how European fashion operates, only a portion of the industry has fully adopted such tools, with many companies citing high costs and a lack of technical expertise as barriers, the report added.

Source: fibre2fashion.com– Dec 09, 2024

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Circle Economy Outlines Environmental Impacts of Textile Industry

As fashion brands work to reduce their environmental impact, a new report finds they still have a long way to go in embracing a circular economy.

The Circularity Gap Report, which was authored by global impact organization Circle Economy and funded by the H&M Foundation, found that only 0.3 percent of the 3.25 billion metric tons of materials consumed annually by the textile sector come from recycled sources. Most of those secondary materials come from recycled PET bottles rather than textile waste. And 70 percent of raw materials used by the textile industry are made with fossil fuel-based synthetic fibers.

According to the report, fiber production reached a record 116 million metric tons in 2023, up from 112 million the previous year. And that's likely to increase, as the global textile market—which was valued at $1.8 trillion dollars in 2023—is expected to grow by 7.4 percent annually through 2030.

The report attributes a large chunk of that growth to fast fashion with mass market brands now releasing up to 24 collections per year, while also noting that even luxury brands have increased their output, introducing intermediate collections outside the traditional two-season format.

When those garments reach the end of their use by consumers, Circle Economy found that 61.4 percent of those items end up in landfills or incinerators. The report discovered that 8 percent of discarded textiles are reused or exported, with the volume of traded secondhand clothing growing nearly sevenfold over the past three decades.

According to data from 2021, the European Union leads the world in used clothing exports at 30 percent followed by China at 16 percent and the United States at 15 percent. Those items are primarily imported to Asia (28 percent, led by Pakistan), Africa (19 percent led by Ghana and Kenya) and Latin America (16 percent, led by Chile and Guatemala). Ghana's Kantamanto Market process more than 150,000 metric tons of textiles annually, importing $164 million dollars worth of used clothing in 2022, primarily from the UK, China and Canada.

Circle Economy found that 6.3 percent of textile waste ends up in cascading recycling, while 2.2 percent is lost during collection and sorting.

The report also looked at how the textile industry impacts climate change, finding that it accounts for 3 percent of climate impact in general, and 13 percent of impacts from global production and manufacturing. The industry also causes 6 percent of water scarcity from retail and 5 percent from waste management.

In regard to greenhouse gas emissions, raw material extraction for textiles accounts for 21 percent of emissions, while processing these materials into yarn or other textile-related products contributes another 15 percent. Material production, which includes making and finishing fabrics and trims, is the largest source of greenhouse gas emissions in the textile supply chain, accounting for 55 percent. Assembly and manufacturing of finished textile products adds another 9 percent to the industry's overall greenhouse gas emission tally.

The analysis found that the textile industry accounts for more than 2 percent of global air pollution, and more than 3 percent of the world's biodiversity loss. Around 17 percent of the biodiversity loss attributed to global production and manufacturing is caused by the textile industry.

The textile industry also has a significant impact on microplastic pollution in the world's oceans. According to the report, 16 to 35 percent of microplastics entering oceans come from synthetic textiles, with 0.2 to 0.5 million metric tons of microfibers from textiles reaching marine environments each year.

Circle Economy outlines two core objectives in pursuit of increasing the textile industry's circularity metric—the portion of material consumption derived from secondary materials. First, minimize resource extraction from the earth and ensure biomass production and extraction are regenerative. And second, minimize material waste while increasing reusability.

"Typically, we measure circularity by looking at materials flowing into the economy. In the case of the textile industry, we measure it by analyzing what materials flow through the global value chain, and how," the report said. "This gives value chain actors an understanding of the current state, providing a jumping-off point for informed decision-making."

The report offers four strategies for meeting these objectives: Narrow flows by using fewer materials (including fossil fuels) in textile production, slow flows by using textiles longer, regenerate flows by using cleaner alternatives to fossil fuels and other pollutants, and cycle flows by reusing textiles at the end-of-life stage.

“The Circularity Gap Report is groundbreaking as the first in-depth analysis to measure circularity within the textiles sector, highlighting the urgent need for solutions that transform the entire textile value chain toward a circular model,” said Hilde van Duijn, managing director, Circle Economy Foundation. “Only through concrete, scalable actions can the industry contribute meaningfully to a sustainable future.”

The H&M Foundation has supported a number of efforts recently aimed at improving circularity in the fashion and textile industries. Earlier this year, the foundation committed 5 million EUR to the Global Fashion Agenda’s textile circularity initiatives through the Global Circular Fashion Forum. Christiane Dolva, head of innovation, research and demonstration at the H&M Foundation, said the organization funded the Circularity Gap Report to provide the textile industry with actionable insights to reduce its impact on the environment through circularity.

“(The report) emphasizes the most impactful circularity efforts,” she said. “While not a complete solution, circularity can drive meaningful change. We hope these insights will support industry-wide transformation, benefiting both people and the planet.”

Source: sourcingjournal.com– Dec 06, 2024

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US Apparel Retail Default Risk Grew 25.9% in November

There were 30 U.S. retail bankruptcy filings of public and certain private companies through Nov. 14, 2024, raising the risk for apparel retail firms.

The 30 filings to date is now higher than comparable levels in eight of the prior 14 years. It also surpasses last year's 26 bankruptcy filings, as well as the 13 filed in 2022. One aberration in recent years was the 51 companies that filed in 2020, largely due to the impact of the COVID-19 pandemic.

For apparel retailers, the one-year probability of default is now 3.4 percent, up from 2.7 percent through Oct. 16, 2024. There were 37 companies who filed thus far in the apparel retail sector.

Heading the list of new filers was Franchise Group Inc., the parent of The Vitamin Shoppe and Buddy's Home Furnishings banners. Also new was direct marketer Universal Screen Arts Inc.. Rounding out the top three was home improvements retailer Duerdens Appliance Inc.

Apparel filings during the year include Heritage Collegiate Apparel Inc., Eastern Mountain Sports, Rue21 Holdings Inc., and Express Inc. Home retail filings include Big Lots Inc., Metro Mattress Corp, LL Flooring Holdings, Conn's, Boston Window & Door, and Polished.com Inc.

According to the S&P data, personal care products and home furnishing firms posted the highest increases in default risk scored in November. with 0.8 percentage point increases in each industry.

Source: sourcingjournal.com– Dec 06, 2024

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Brazilian cotton 2023-24 season touches new milestones

The 2023-24 season marks a remarkable milestone for Brazil's cotton industry, with production soaring to 17,089,252 bales. This achievement underscores the combined efforts of Brazilian cotton farmers, technological advancements, and sustainable practices that have collectively bolstered the industry's global reputation.

Quality as a cornerstone of success

Central to the 2023-24 achievement is the industry's rigorous quality assurance process. The Brazilian Association of Cotton Producers (ABRAPA) and the Brazilian Cotton Growers Association (CBRA) have highlighted the critical role played by High-Volume Instrument (HVI) labs. These facilities, equipped with 83 HVI machines across 12 classing labs, ensure that every bale of cotton produced meets international quality standards.

Key quality metrics, such as strength, length, and uniformity, have seen consistent improvement. For instance, fiber strength exceeding 28 g/tex improved from 75.34 per cent in 2022-23 to 76.53 per cent in 2023-24, while fiber length surpassing 1.11 inches increased to 60.89 per cent from 59.38 per cent. These enhancements reflect the sector's dedication to refining production techniques and investing in advanced technologies.

However, certain areas, such as micronaire (a measure of fiber fineness and maturity), saw a decline, with only 29.63 per cent falling within the optimal range, down from 50.17 per cent the previous year. This metric indicates potential challenges in balancing quality parameters while pursuing higher yields.

Table: Quality indicators of Brazilian cotton

Sustainability at the forefront

Sustainability remains a hallmark of Brazil's cotton production. The Responsible Brazilian Cotton (ABR) program promotes environmentally sound practices, emphasizing reduced water use, minimized pesticide application, and conservation of biodiversity. By adhering to these principles, the Brazilian cotton industry not only ensures the ecological integrity of its operations but also addresses the growing global demand for ethically produced textiles.

Indicator	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024*
Micronaire (3.50-4.90)	46.99%	56.59%	54.91%	50.17%	29.63%
Strength (>28 g/tex)	74.23%	75.19%	75.47%	75.34%	76.53%
Length (>1.11 inches)	57.28%	54.66%	49.75%	59.38%	60.89%
Uniformity (>80%)	73.06%	71.44%	71.59%	73.19%	68.53%
Short Fiber Index (<10%)	58.34%	60.38%	51.67%	56.11%	58.90%
Reflectance (>75%)	61.85%	45.02%	53.21%	57.48%	68.48%
Yellowness (<9)	40.92%	29.13%	35.25%	39.54%	42.25%

The ‘Cotton Brazil’ campaign

Brazil's position as a leading cotton exporter owes much to strategic international marketing efforts. The 'Cotton Brazil' campaign leverages the country's reputation for high-quality, sustainably produced cotton to capture key markets.

By showcasing traceability and eco-credentials, the campaign appeals to environmentally conscious brands and consumers, ensuring that Brazilian cotton remains competitive on the global stage.

Challenges and opportunities

While the 2023-24 season stands as a testament to the industry's resilience and progress, it also highlights areas for continued focus. Declines in some quality metrics, such as uniformity and micronaire, suggest the need for more precise agronomic practices and research to optimize fiber characteristics. Furthermore, as global textile markets increasingly demand traceable and sustainable fibers, Brazil's continued investment in sustainability and certification programs will be critical.

A vision for the future

The Brazilian cotton industry's achievements in 2023-24 are not merely about higher production numbers but represent a comprehensive effort to align quality, innovation, and sustainability. With its robust infrastructure, dedicated workforce, and strategic market positioning, Brazil is well-equipped to lead the global cotton industry into a future that prioritizes excellence and responsibility.

As Brazil continues to refine its practices and address challenges, its cotton industry stands as a model for other agricultural sectors worldwide, demonstrating how sustainable practices and technological innovation can drive both economic success and environmental stewardship.

Source: fashionatingworld.com– Dec 06, 2024

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Conditions in Indonesia's manufacturing continued to soften during Nov

Operating conditions in Indonesia's manufacturing economy continued to soften during November this year, in line with the recent trend, according to S&P Global Ratings.

New orders fell for a fifth month in a row, whilst employment declined.

More positive, however, was an increase in production for the first time in five months, and stocks were bolstered in line with expectations of growth in the year ahead.

Confidence in the outlook improved to a nine-month high.

The headline seasonally adjusted S&P Global Indonesia manufacturing purchasing manager's index (PMI) posted below the crucial 50 no-change mark that separates growth from contraction for a fifth successive month.

However, a rise in the index to 49.6 in November from 49.2 in October signalled the slowest deterioration in operating conditions in the current sequence.

Central to this rise was an expansion in production for the first time in five months. Growth occurred despite a reduction in new orders where firms noted that demand for goods remained underwhelming, S&P Global said in a release.

Quiet market activity was reported in the country, characterised by weak purchasing power amongst clients. New export orders declined as well, falling for a ninth successive month and to a stronger degree.

With output rising, but new orders down, excess production was used to help clear work outstanding and build warehouse inventories. Backlogs of work have now declined for six successive months, albeit only marginally in November.

Stocks of finished goods increased at a faster rate in the month, with modest growth helping firms to prepare for expected higher sales in the months ahead.

Companies are hopeful of a pick-up in demand and new orders over the next year, which should bolster production. Purchasing activity also improved during November, increasing for the first time in five months.

Less positive was a second successive monthly decline in employment volumes. Although modest, the contraction was the steepest recorded by the survey in over three years.

Source: fibre2fashion.com– Dec 08, 2024

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Vietnam third top apparel supplier for Singapore with 9% share

Vietnam and Singapore are set to effectively implement the Memorandum of Understanding (MoU) on economic and trade cooperation plans. Currently, Vietnam is the third-largest source country for apparel imports to Singapore. Vietnam accounted for 9 per cent of Singapore's apparel imports, valued at $1,627.837 million, during the first three quarters of the current year.

Vietnamese Minister of Industry and Trade Nguyen Hong Dien met Singaporean Deputy Prime Minister and Minister for Trade and Industry Gan Kim Yong on the sidelines of the CPTPP Commission meeting held in the last week of November in Vancouver.

According to Fibre2Fashion's market insight tool TexPro, Singapore's apparel imports from Vietnam stood at $147.737 million, out of its total apparel imports of $1,627.837 million in the first nine months of the current year. The imports from Vietnam were 11.47 per cent higher than the inbound shipment of $132.539 million in the same period of the last year.

The country's apparel imports from Vietnam were valued at $190.110 million in the last year, which was 8.31 per cent of Singapore's total apparel imports of $2,287.495 million in the same year. China and Italy were larger suppliers with combined share of over 47 per cent in 2023.

As per TexPro, Vietnam was the fourth largest supplier in Singapore's imports of home textiles. The country's imports of home textiles totalled $215.235 million in January-September, out of which the imports from Vietnam were valued at $11.149 million. It was 5.18 per cent of the total imports of home textiles. China, the US and Malaysia were larger suppliers.

Singapore had imported home textiles of $294.820 million in 2023, of which Vietnam accounted for $14.836 million or 5.21 per cent.

Source: fibre2fashion.com– Dec 08, 2024

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Bangladesh's apparel share in US market falls by 3.33%

Bangladesh's exports saw a growth of 11.76% in 5 months from July-November of FY2024-25 compared to the same period of the previous fiscal year.

According to the data of the Export Promotion Bureau (EPB), Bangladesh exported goods worth $ 19.9 billion in the July-November period of the current FY 2024-25, of which 80.97% are readymade garment products.

Bangladesh's share of apparel exports into the US market decreased by 3.33% year-on-year in the January-October period.

The apparel export share of the Chinese decreased by 1.06% in the US market. India and Vietnam's apparel exports in the US market grew by 2.68% and 3.93% respectively during this period.

Bangladesh's ready-made garment (RMG) exports have been growing, and the country is the second-largest exporter of RMGs in the world. Vietnam is Bangladesh's competitor in the global market and their share rising in the US market indicates the country (Vietnam) is getting an additional advantage, said businessmen of this sector.

In the financial year 2022–2023, Bangladesh's RMG exports reached $47 billion, up from $42.6 billion in the previous year. In the period from July 2023 to May 2024, RMG exports increased by 2.86% to $43.85 billion.

Source: tbsnews.net– Dec 08, 2024

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Weekly Cotton Review: Spot rate declines as market faces fluctuations

The cotton market is currently experiencing a period of fluctuations. This year cotton production has seen a significant decline of approximately 25 lac bales, which is about 33% of the total crop yield. Experts estimate that the total production for this year will be 58 lac bales, excluding any unregistered cotton.

The All Pakistan Textile Mills Association (APTMA) has urged the government to include local cotton in the Export Finance Scheme (EFS). Moreover, the excessive import of cotton yarn has caused significant distress among spinners and ginners.

The Pakistan Cotton Ginners Association (PCGA) has stressed on the need of urgent government policy to boost cotton production in Pakistan.

Head Transfer of Technology Central Cotton Research Institute Multan Sajid Mahmood has raised concerns about the factors contributing to the decline in cotton production this year.

The price of cotton in the local cotton market remained relatively stable last week, depending on the quality.

According to the Pakistan Cotton Ginners Association, the cotton production report for the country up to December 1st shows 52 lac bales, which is about 25 lac bales less than last year's production. Experts estimate that the total production will be around 58 lac bales, plus unregistered cotton. However, due to the lower production reports, some ginners are hesitant to sell, and many ginners are storing some bales of relatively high-quality cotton, expecting an increase in prices.

On the other hand, the pace of cotton import deals has slowed down a bit because the price of cotton futures in New York has become more stable. However, importing agents say that they've already made deals for about 35 lac bales of cotton.

Currently, the cotton stock held by ginners is mostly of relatively low quality. This has led to slow sales, causing many ginners to face difficulties.

Textile spinners are also facing challenges due to the import of a large quantity of cotton yarn. However, there is a hope that the interest rate will be further reduced in the upcoming monetary policy, which could encourage mills to purchase more cotton.

The rate of cotton in Sindh is in between Rs16,000 to Rs 18,000 per maund, while the rate of Phutti is in between Rs 6,500 to Rs 7,800 per maund.

The rate of cotton in Punjab is in between Rs 16,600 to Rs 17,800 per maund. The rate of Phutti is in between Rs 7,000 to Rs 9,000 per 40 kg.

The rate of cotton in Balochistan is in between Rs 16,800 to Rs 17,500 per maund. The rate of Phutti is in between Rs 7,400 to Rs 9,000 per 40 kg.

The rate of Balochi cotton is in between Rs 18,000 to Rs 18,500 per maund. The prices of Primark cotton is in between Rs 18,800 to Rs 18,900 per maund.

The prices of Banola, Khal, and oil have generally increased.

The Spot Rate Committee of the Karachi Cotton Association has decreased the spot rate by Rs 100 per maund and closed it at Rs 17,300 per maund.

Nasim Usman, the chairman of the Karachi Cotton Brokers Forum, has stated that there has been fluctuation in international cotton prices. After an increase in the future price of New York cotton, it has slightly decreased and is currently trading between 70 to 71 US cents per pound. According to the USDA's weekly export sales report, one lac seventy thousand and seven hundred bales were sold for the 2023-2024 year.

Vietnam was the top buyer, purchasing eighty four thousand and three hundred bales. Pakistan came in second place with the purchase of thirty six thousand and seven hundred bales, followed by Turkiye with twenty thousand four hundred bales.

Meanwhile, APTMA believes that since the Finance Act, 2024, an 18% sales tax has been imposed on locally produced inputs for export-oriented manufacturing, while sales tax and customs duty exemptions under the EFS continue for imported inputs. This policy change disrupts the competitiveness of domestic manufacturers, especially upstream industries like spinning and weaving, which are essential for the Pakistan textile value chain.

The textile sector body has repeatedly requested the government to withdraw this unfair policy. Without immediate intervention, there is a risk of dismantling key parts of the textile ecosystem. Pakistan's textile industry constitutes 40% of the country's industrial workforce, providing livelihoods to millions of families. The current policy is not only driving businesses towards closure with significant job losses and loss of livelihood but also causing the destruction of an industrial base that represents billions of dollars in investment and exports.

Source: brecorder.com– Dec 09, 2024

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NATIONAL NEWS

Under PM Modi's leadership, textile sector will see new heights: Giriraj

Union Textile Minister Giriraj Singh said on Saturday that the department has decided that India's textile market will grow to $ 300 billion from the current $ 176 billion.

Giriraj Singh was in Hyderabad to attend the convocation ceremony of the National Institute of Fashion Technology (NIFT).

Speaking to ANI, he said, "When these NIFT students become entrepreneurs or join any industry then one student provides new employment to 100 people."

"The Textile Department has decided that India's textile market will grow to $ 300 billion from the current $ 176 billion. Last October, exports of textiles rose by 11 per cent and that of garments by 35 per cent. I hope under the leadership of PM Modi we will touch new heights," the Union Minister said.

Meanwhile, Textiles exports from India during October were about 11.56 per cent higher at $ 1,833.95 million, compared to the same month last year.

At the same time, apparel exports registered a significant growth of 35.06 per cent during the same period October at $ 1,227.44 million, the Confederation of Indian Textile Industry said in a report, citing government data.

Cumulative exports of textiles and apparel in October 2024 increased by 19.93 per cent compared to October 2023.

During April-October, Indian textiles exports registered a growth of 4.01 per cent over the previous year while apparel exports registered a growth of 11.60 per cent during the same time, data showed.

India's textile industry is on the brink of expansion, with total textile exports projected to reach $ 65 billion by FY26, according to Invest India, which is the central government's investment promotion and facilitation agency.

According to Invest India, the domestic textile market, valued at around $ 165 billion in 2022, includes $ 125 billion from domestic sales and $ 40 billion from exports. Projections indicate that the market will grow at a compound annual growth rate (CAGR) of 10 per cent to reach $ 350 billion by 2030.

In addition to its textile achievements, India has emerged as the second-largest manufacturer of personal protective equipment (PPE) globally. With over 600 certified PPE-producing companies, India is well-positioned in a market expected to exceed $ 92.5 billion by 2025, up from $ 52.7 billion in 2019.

The textile industry is also a major employment driver, providing direct jobs to 45 million individuals and an additional 100 million in related sectors. Cotton cultivation alone supports an estimated 6 million farmers and 40-50 million people involved in processing and trade.

India is one of the world's largest producers of textiles and apparel.

Source: business-standard.com– Dec 07, 2024

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India - Norway Business Roundtable with Shri Piyush Goyal

Shri Piyush Goyal, Honourable Minister of Commerce and Industry, Government of India will hold an interactive meeting with the Norwegian industry delegation led by H E Ms May-Elin Stener, Ambassador of Norway to India during the India - Norway Business Roundtable to be held on Sunday, 08 December 2024, at Mumbai.

The meeting will also be joined by leading Indian members and others important for the India - Norway corridor. A significant focus of the discussion will be on the recent Free Trade Agreement (FTA) between India and the EFTA countries, which holds immense potential for both nations. India is particularly keen on attracting $100 billion in investments from the EFTA countries, as outlined in the agreement.

The two sides will hold wide-ranging discussions on all aspects of the bilateral trade partnership including opportunities, challenges and measures to further strengthen cross border infrastructure, enhance connectivity and facilitating trade between the two countries. The two sides will be assessing the opportunities in investment partnerships in logistics, supply chain, connectivity, maritime, energy, circular economy, food and agri, infrastructure, technology and more.

Minister Goyal is expected to hold discussions on:

- Key opportunities and trends for further Norwegian investments in India
- Potential areas of collaboration between India and Norway
- Current business climate in India and key government reforms and policies conducive for the partnership

A high - level visit to Norway is expected in the next year during the India – Nordic Summit. The next discussion of the forum is expected to take place during the Summit. The forum and the discussions will foster on further strengthening the existing close ties of friendship and cooperation between the two countries.

Source: pib.gov.in– Dec 07, 2024

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Key investment destination: FDI inflows in India exceeds $1 trillion

Foreign direct investment (FDI) inflows into India have crossed the $1 trillion milestone in the April 2000-September 2024 period, firmly establishing the country's reputation as a safe and key investment destination globally.

According to data from the Department for Promotion of Industry and Internal Trade (DPIIT), the cumulative amount of FDI, including equity, reinvested earnings and other capital, stood at $1,033.40 billion during the said period.

About 25 per cent of the FDI came through the Mauritius route. It was followed by Singapore (24 per cent), the US (10 per cent), the Netherlands (7 per cent), Japan (6 per cent), the UK (5 per cent), UAE (3 per cent) and Cayman Islands, Germany and Cyprus accounted for 2 per cent each.

India received $177.18 billion from Mauritius, $167.47 billion from Singapore and $67.8 billion from the US during the period under review, as per the data.

The key sectors attracting the maximum of these inflows include the services segment, computer software and hardware, telecommunications, trading, construction development, automobile, chemicals, and pharmaceuticals.

According to the Commerce and Industry Ministry, since 2014, India has attracted a cumulative FDI inflow of $667.4 billion (2014-24), registering an increase of 119 per cent over the preceding decade (2004-14).

"This investment inflow spans 31 states and 57 sectors, driving growth across diverse industries. Most sectors, except strategically important sectors, are open for 100 per cent FDI under the automatic route.

FDI equity inflows into the manufacturing sector over the past decade (2014-24) reached $165.1 billion, marking a 69 per cent increase over the previous decade (2004 -14), which saw inflows of $97.7 billion, an official has said.

To ensure that India remains an attractive and investor-friendly destination, the government reviews FDI policy on an ongoing basis and makes changes from time to time after having extensive consultations with stakeholders.

The overseas inflows into India are likely to gather momentum in 2025, as healthy macroeconomic numbers, better industrial output and attractive PLI schemes will attract more overseas players amid geopolitical headwinds, experts said.

They added that despite the global challenges, India is still the preferred investment destination.

Avimukt Dar, Founding Partner, INDUSLAW, said the inflows are likely to continue in a robust form. There is strong anticipation that private equity financing in the tech sector, which had slowed down in the past, will pick up again since various funds have enjoyed good exits in the public markets and are ready to deploy again.

"The government can continue with structural reforms, particularly in the space of M&A, by nudging SEBI to make the public takeover regime more friendly for foreign players," Dar said.

Rumki Majumdar, an economist at consultancy Deloitte India, said FDI inflows are likely to remain modest amidst expected policy changes in the US and the impact of policy stimulus on China's economy.

Geopolitical situations may alter supply chains, and trade regulations would dampen investors' sentiments, keeping capital flows volatile, she said, adding that the government will have to prioritise infrastructure capex with timely project execution, boost workforce skilling via PPPs and incentives, invest in digital ecosystems for productivity gains, and foster R&D for digital solutions that help inclusion and formalisation of the economy.

Commenting on the data, Manav Nagaraj, Partner, Shardul Amarchand Mangaldas & Co, said FDI in India is likely to continue to rise in all areas -- early stage investments, growth capital and strategic investments.

"India as an investment destination has historically been and continues to be attractive for foreign investors across various countries, whether from the US, UK, continental Europe or Asian countries," he added.

FDI is allowed through the automatic route in most of the sectors, while in areas like telecom, media, pharmaceuticals and insurance, government approval is required for foreign investors.

Under the government approval route, a foreign investor has to get a prior nod from the ministry or department concerned, whereas, under the automatic route, an overseas investor is only required to inform the Reserve Bank of India (RBI) after the investment is made.

At present, FDI is forbidden in some sectors. They are lottery, gambling and betting, chit funds, Nidhi company, real estate business, and manufacturing of cigars, cheroots, cigarillos and cigarettes using tobacco.

FDI is important for India as it will require huge investments in the coming years for the infrastructure sector to boost growth. Healthy foreign inflows also help in maintaining the balance of payments and the value of the rupee.

Source: thehindubusinessline.com– Dec 08, 2024

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Norway planning to ratify India-EFTA free trade agreement next year

‘Norway on Sunday said that it plans to ratify the India-EFTA free trade agreement next year, the commerce and industry ministry said.

India and the four-nation EFTA (European Free Trade Association) bloc inked the agreement, officially dubbed as Trade and Economic Partnership Agreement (TEPA), on March 10 this year. However, it needs ratification from the four countries for its implementation.

The agreement came up for discussions during the India-Norway Business Forum which was held in Mumbai.

May-Elin Stener, Ambassador of Norway to India, termed TEPA a landmark in bilateral relations and highlighted its potential to further enhance trade and investment between the two nations.

"She noted Norway's plans to ratify TEPA by 2025 and emphasized areas of focus, such as renewable energy, maritime industries, climate, and sustainability," the ministry said.

The ambassador also announced that Norway will host the Indo-Nordic Summit in 2025.

In the deliberations, many Norwegian companies reaffirmed their commitment to expanding operations in the country.

An open interaction was chaired by commerce and industry minister Piyush Goyal.

During this session, various key issues were raised including regulatory challenges, public procurement concerns and quality standards compliance across sectors.

Issues across key sectors such as maritime, shipping, energy, food processing, logistics, oil and gas, renewable energy and circular economy were presented to the minister.

"Goyal committed to addressing these concerns collectively with relevant ministries to enhance bilateral trade," it added.

He also proposed launching a startup bridge between Norway and India during the next ministerial meeting.

The ambassador suggested that this initiative could be launched during the Indo-Nordic Summit next year.

Goyal also invited Norwegian companies to leverage local talent not just for domestic opportunities, but as a launch pad for international market expansion.

The bilateral trade between the two countries has reached USD 1.1 billion and Norway has emerged as India's 33rd largest investor.

Source: business-standard.com– Dec 08, 2024

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Export insurance claim dismissed over delayed declarations, premium

Krishna Agrotech obtained a Shipment Comprehensive Risk (SCR) Policy from the Export Council Guarantee Corporation of India (ECGC) to safeguard against risks associated with short-term credit-based exports.

The company entered into a contract with Shyam Overseas in the Republic of Guinea to supply biscuits, salt, and rice. Two shipments of Swarna (non-Basmati) rice were dispatched on March 25, 2013, and April 14, 2013, with payments scheduled for May 28, 2013, and June 14, 2013, respectively. While declarations about the shipments were submitted to ECGC on April 16, 2013, and May 16, 2013, the premium payment was delayed until July 22, 2013.

When the overseas buyer defaulted on payment, Krishna Agrotech reported the default on October 28, 2013, and subsequently lodged a claim for Rs 41,46,552 on January 8, 2014. ECGC repudiated the claim on May 28, 2014, citing non-compliance with policy terms, including non-timely declarations and failure to deposit the advance premium.

Unwilling to accept the repudiation, Krishna Agrotech filed a complaint with the West Bengal State Commission. ECGC contested the complaint, arguing that the policy was purchased for commercial purposes and was therefore beyond the jurisdiction of consumer protection laws. Furthermore, ECGC maintained that the insured had failed to adhere to the policy's stipulations regarding timely declarations and premium deposits, so the risk was not covered.

The State Commission ruled in favour of Krishna Agrotech, relying on the precedent established in Harsolia Motors v. National Insurance. That judgement had clarified that insurance is procured not for commercial profit but to indemnify against contingent losses.

The State Commission also noted that ECGC had failed to provide details of premium deposited and adjusted against goods exports so that further amounts towards advance premium could be deposited when required. The Commission allowed the complaint and directed ECGC to settle the claim.

Dissatisfied with the ruling, ECGC appealed to the National Commission, reiterating its stance that the claim had been rightfully repudiated. The National Commission emphasised that insurance contracts must be construed strictly, and a liberal interpretation which would alter the nature of the contract is not permissible. It also observed that a commercial contract must be read as a whole and every attempt should be made to harmonise its terms so that it does not adversely affect the interests of either party.

The National Commission concurred with the view that the insured was a consumer and was entitled to file a complaint under the provisions of the Consumer Protection Act. However, on merits, it found that the insured had breached critical policy terms. The policy required declarations for shipments made during the previous month to be submitted in the prescribed form by the 15th of each calendar month. Even when no shipments were made, a "Nil" declaration was mandatory.

Additionally, the insured had to intimate the details of overdue payments when default exceeded 30 days. Also, advance premium had to be deposited to secure coverage under Section 64VB of the Insurance Act. Failure to fulfil these obligations meant the risk was not covered, absolving ECGC of any liability to settle the claim.

On November 25, 2024, Subhash Chandra delivered the National Commission's verdict. The Commission upheld ECGC's appeal and dismissed the complaints, ruling that the claim had been validly repudiated.

Source: business-standard.com– Dec 08, 2024

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India, EU officials may meet in March to clear FTA logjam

New Delhi: India and the European Union are looking to bridge their differences on issues pertaining to rules of origin and government procurement in the next round of the bilateral free trade agreement (FTA) talks likely to be scheduled in March in Brussels.

Officials said the 10th round of negotiations next round on the proposed trade deal could be held on March 10-14, 2025 and is likely to cover wider elements. The ninth round in September was a restricted one held to assess the exact picture of the positions of the two sides.

"We have exchanged our key asks and now their commercial significance is being assessed. The next round will be in the first quarter of next year," said an official. The two sides are expected to build on the limited progress made on issues such as rules of origin and government procurement, and New Delhi has conveyed to the EU that market access for its goods, services and investment should be the focus areas of the talks. The last round failed to resolve certain issues related to state-owned enterprises, 'Make in India' and its application to EU bidders and goods in the negotiations on government procurement.

Moreover, the positions of the two sides on the negotiations on rules of origin, which are key to check FTA circumvention and cheap imports, and technical regulations and conformity assessment were different on some products. "We have seen progress on talks on sanitary and phytosanitary measures, dispute settlement and good regulatory practices," said another official.

India and the EU relaunched negotiations for an FTA after a nine-year hiatus and started separate negotiations for an Investment Protection Agreement and an Agreement on Geographical Indications in June 2022.

Continuing from the previous rounds, the concerns of Indian stakeholders regarding the EU's sustainability measures, such as Carbon Border Adjustment Mechanism, Deforestation Regulation, and others would be taken up again.

Source: economictimes.com– Dec 08, 2024

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India's exports to Bangladesh dip amid 'volatile' situation

The political turmoil in Bangladesh has slowed down exports of gem and jewellery, imitation jewellery, engineering goods and oilmeals from India. The raw cotton, cotton yarn and textiles exporters are facing delays in payments, even though the buyers are depositing payments in local currency Bangladeshi Taka. However, due to dollar shortage, banks are finding it difficult to convert Taka into dollars, resulting in payment delays.

Pankaj Chadha, chairman of the Engineering Exports Promotion Council said "Private orders have come down and the Bangladesh government's perception of India has turned negative. We are not getting any government orders from Bangladesh. Additionally, Indian banks are not accepting letters of credit, a contractual agreement between a buyer's bank and a seller's bank that guarantees payment to the seller for goods or services, issued by Bangladesh's banks. So the situation seems to be quite volatile." Engineering exports to Bangladesh in the first seven months of FY25 have fallen by 8% to $1195.6 million.

Security has been beefed up in the Petrapole-Benapole checkpoint, through which goods travel from India to Bangladesh and vice versa.

Vipul Shah, chairman of the Gem & Jewellery Export Promotion Council (GJEPC) said that exports to Bangladesh have slowed since the political disturbance in Bangladesh flared up. Exports to Bangladesh have fallen by 11.1% in the April to September period of FY25 as compared to the same period last year.

"Bangladesh was developing as a new destination for gem and jewellery exports from India in the last two years. But the current situation is volatile and impacts exports," said Shah. Trade sources say that gems and jewellery manufactured in India are largely routed to Bangladesh through Dubai to avoid the high import duty that Bangladesh has imposed on Indian gems and jewellery.

Bangladesh is also a big market for Indian imitation jewellery. Nagendra Mehta, president of imitation manufacturers association said that imitation jewellery exports to Bangladesh have fallen by 35% in the last six months.

The political unrest in Bangladesh has also impacted exports of oilmeals from India. The neighbouring nation uses oil meals for animal feed. Bangladesh imported rapeseed meal and soybean meal of 428,241 tons in the first seven months of FY25 as compared to 506,934 tonnes in the same period last year.

Atul Ganatra, president of the Cotton Association of India (CAI) said "So far export of raw cotton and cotton yarn is going on smoothly there is no big impact seen because the manufacturing of garments is the main business of Bangladesh. I don't think they will disturb this business. Few banks are paying in time and few banks are having a shortage of dollars, even though the buyers are depositing payments to the bank in local currency in Taka some banks are finding it difficult to convert Taka into dollars. This is delaying the payment to the Indian exporters."

Sanjay Jain, chairman of the Indian chamber of commerce national committee on textiles said that the delay in payment is varying between 60 -90 days.

Ganatra said that Bangladesh spinning mills are dependent on Indian cotton. "Exporting cotton to Bangladesh will go as usual without any big problem. Few Kolkata traders have godowns in Bangladesh and they keep stock in godown and give immediate delivery against payment," the CAI president said

"As of now, there are no such border problems. Exports of goods through ships and by road are going on smoothly. Most Bangladesh mills are having hand to mouth and very low inventory of cotton so they cannot afford any kind of such issues," Ganatra added.

Ajay Srivastava, founder of think tank Global Trade Research Initiative (GTRI) said "The economic troubles brewing in Bangladesh since July 2024 have begun to show tangible impacts on its trade. Cotton yarn, a vital input for Bangladesh's textile industry, remains India's top export to the country.

In August 2024, India's cotton yarn exports to Bangladesh increased by 29.6% year-on-year (yoy), rising from $97.2 million in August 2023 to $125.9 million. A similar, albeit smaller, increase of 5.4% was recorded in September 2024, with exports growing from $134.3 million in September 2023 to $141.5 million.

These figures suggest that Bangladesh is making considerable efforts to sustain its crucial textile industry, which relies heavily on imported raw materials.

Source: economictimes.com– Dec 06, 2024

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Banks asked to ease compliances for exports up to $1,000

In a relief to small exporters, the Reserve Bank of India (RBI) has asked banks to simplify a process for exports of up to $1,000.

In a directive issued last week, which ET has seen, banks have been asked to do away with a compliance related to the realisation of exports for which exporters have to pay a fee. The move will benefit ecommerce shipments, most of which are less than $1,000.

At present, routing of courier shipping bills is done through Export Data Processing and Monitoring System (EDPMS), which allows banks to match inward remittances against the shipping bills of exporters.

This closure process is cumbersome and costly as banks charge ₹1,000-2,000 per shipping bill for reconciliation.

For small-value packages, these charges erode profits.

"With the routing of courier shipping bills through the EDPMS, the outstanding entries for small-value shipping bills has increased considerably and is now the major component of the outstanding shipping bills in the EDPMS," RBI said.

An email sent to RBI didn't elicit a response till press time.

The simplification will help close the export reconciliation process based on exporters' statements without banks having to issue an Electronic Bank Realisation Certificate.

"This is a welcome move as it will bring great relief to all small exporters particularly ecommerce exporters as it lowers compliance costs," said Ajay Sahai, director general, Federation of Indian Export Organisations.

The revised dispensation, applicable until March 31, 2025, includes verification of the transaction's legitimacy, receipt of export funds and adherence to know your customer, anti-money laundering and combating the financing of terrorism regulations. Also, the exporter should not be under any investigations or court cases related to these transactions to be eligible for the simplified process.

Vipul Shah, chairman, GJEPC, said this de-minimis threshold will simplify the process of regularising shipping bills for small-value exports and benefit gem and jewellery exporters, particularly those engaged in ecommerce.

Source: economictimes.com– Dec 07, 2024

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Textile and garment industry opposes proposed hike in GST rates for apparel

The recent proposal by the Group of Ministers (GoM) on Rate Rationalisation to change GST rates for the apparel sector has led to concerns in the textile and apparel industry on the impact of the proposed changes on jobs and MSMEs.

The GoM is said to be considering increasing the GST rates to 18% from 12% for garments priced above ₹1,500 each and to 28% for garments priced above ₹10,000.

“Take the case of woollen sweaters. It is not a luxury, but a necessity in northern States. It is not possible to get woollen sweaters at less than ₹1,500 and the proposal is to increase the GST on it by 50% from 12% to 18%. In the case of wedding clothing, the garments are all priced above ₹10,000 each. The entire wedding clothing segment will either get into the informal sector or get wiped out,” said Rahul Mehta, Chief Mentor, the Clothing Manufacturers Association of India (CMAI). All handwoven garments are priced more than ₹1,500 and increasing the rate on these garments will hit the handloom weavers.

In India, garments attract rates in two slabs - 5 % or 12 %. Now, the plan is to add another slab of 28%, he said.

According to Sanjay Jain, chairman of the National Expert Committee on Textiles of the Indian Chamber of Commerce, “Extending the 5% slab to garments priced up to ₹1,500 is a good move because it is eight years since GST was introduced and only garments up to ₹1,000 are in the 5 % slab. With inflation, the garment prices have increased. For apparel costing more than ₹1500, the rate should be retained at 12%,” he said.

The Confederation of Indian Textile Industry (CITI) and the Southern India Mills Association (SIMA) have pointed out the inverted duty structure for manmade fibre (MMF) sector. MMF fibre attracts 18% duty, yarn is 12% and fabric is 5%. Garments come under 5% or 12%.

However, dyes and chemicals are 18% or 28% and textile processing is 5%. This is an anomaly that the industry has been asking the government to address, said the SIMA chairman S.K. Sundararaman.

“Varying GST rates across the (MMF) value chain block working capital and stifle growth. CITI reiterates its previous recommendations to reduce GST rates on raw materials such as PTA and MEG from 18% to 12%. The proposed GST hike will disrupt the formal retail sector, driving consumers and businesses toward informal and unregulated channels. It is expected to heighten price inflation, disproportionately affecting price-sensitive consumers,” said Rakesh Mehra, chairman of CITI.

A statement from the CBIC said reports in the media regarding the Group of Ministers (GoM) recommendations on GST rate changes regarding various goods and services are “premature and speculative”. The GST Council has not yet deliberated on any GST rate changes. and the GoM is yet to finalise and present its recommendations to the Council after which the Council will take a final view on the recommendations. The Counsil is scheduled to meet at Jaisalmer on December 21..

Source: thehindu.com– Dec 07, 2024

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India approves 2 start-ups in technical textiles

The ministry of textiles has approved two start-ups under the ‘Grant for Research & Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT)’ scheme during the 9th Empowered Programme Committee (EPC) meeting held recently. Each start-up will receive a grant of approximately ₹50 lakh (~$5.9 million) to support their innovation and entrepreneurship in the field of technical textiles.

The committee has also approved a grant of approximately ₹14 crore to 6 education institutes to introduce courses in technical textiles under the ‘General Guidelines for Enabling of Academic Institutes in Technical Textiles’, the ministry said in a press release.

The approved start-up projects are focused on key strategic areas of sustainable textiles and medical textiles. The approved education institutes have proposed to introduce new B.tech courses in different fields and applications of technical textiles including medical textiles, mobile textiles, geotextiles, geosynthetics, etc.

Source: fibre2fashion.com– Dec 07, 2024

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Bangladesh exports dry up, traders worried

Kolkata: The ongoing turmoil in Bangladesh has cast a shadow over business in Kolkata, which serves as a vital trade hub for exports to the neighbouring country, with orders drying up and unpaid debts mounting. For decades, Kolkata has been a gateway for a wide range of goods, including textiles, automobile parts, grains, food products, chemicals, and machinery, that are exported to Bangladesh. Many Bangladeshi businessmen come to Kolkata to purchase saris, ethnic wear for men, cosmetics, and edibles in bulk to sell in their own country. The current crisis, however, disrupted trade and business, bringing it to a standstill and leaving businessmen on this side of the border grappling with uncertainty.

Even shops and markets in and around Marquis Street, where Bangladeshis stay, have also been hit hard. Businesses in Kolkata, which are heavily reliant on exports to Bangladesh, are bearing the brunt of this unrest. With orders drying up, various sectors in the city are experiencing a sharp decline in activity. Businesses dealing in textiles, a significant export commodity, automobile parts, grains, etc., have seen a nearly 60% dip in orders in the past few weeks.

"Bangladesh is a very big market for us, amounting to exports worth millions of dollars every year. But the current situation has put brakes on all business between the two countries. Exports have come down to zero," said Manoj Jhawar, a textile exporter in Kolkata and member of the Textile Traders Association in the state. Bangladesh also imports automobile parts from India in huge numbers. Shops in and around the New Market area depend heavily on Bangladeshi visitors for business.

Al Malik on Mirza Ghalib Street is a wholesaler of men's ethnic wear. "Every month we do business worth several lakhs, which has come down to a few thousands in the past few weeks," said owner Mohammad Ansar. The Petrapole-Benapole border, a crucial trade corridor between the two countries, has seen a noticeable drop in activity.

"The situation in Bangladesh has impacted almost all the sectors in Kolkata as everything is exported from Kolkata. All business activity pertaining to Bangladesh has come to a standstill," said Sushil Poddar, president of the Confederation of West Bengal Trade Associations, an apex body of several business associations in the state.

Adding to the woes of Kolkata's businessmen is the mounting concern over unpaid debts. Many Bangladeshi businesses owe significant amounts to their Indian counterparts, payments that are now in limbo. Exporters in Kolkata are worried about the financial repercussions if these debts remain unsettled. "We trusted our partners in Bangladesh because trade was always smooth. But now, with the turmoil, our payments are stuck.

It's a huge hit to our liquidity," said Amit Basu, a food products exporter.
The ripple effects of the situation in the neighbouring nation are not confined to exporters alone. Logistics companies, agents, and even transporters in Kolkata are feeling the pinch.

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