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Currency Watch			
USD	**EUR**	**GBP**	**JPY**
84.80	**89.50**	**108.08**	**0.56**

INTERNATIONAL NEWS	
No	**Topics**
1	Global goods trade growth steady but outlook cloudy: WTO
2	EU & euro area market production drops in September 2024
3	Modest improvement in ASEAN manufacturing sector conditions in Nov
4	Slight expansion in US economy in recent weeks: Fed Beige Book
5	US' textiles & apparel imports see modest growth of 0.8% in Jan-Oct
6	Moroccan Unions Call for Stronger Textile Industry Safety Regulations
7	Italy's retail trade dips in October 2024
8	Current Cotton Pricing and Demand Cycle Continues
9	Vietnam's trade surplus hits $24.31 bn in Jan-Nov 2024
10	Pakistan: APTMA demands govt restore EFS
11	Bangladesh: From cotton to MMF: transforming the RMG industry

NATIONAL NEWS	
No	**Topics**
1	Textile companies hog limelight on export prospects
2	Shifting dynamics: Gujarat's denim industry looks beyond fabric
3	India, Australia outline path for early conclusion of FTA
4	Online orders, sustainable goods drove exports in 2024
5	Can India replace China as the US's fashion sourcing hub?
6	Indian textile sector could see a festive cheer amidst disruptions in competing market, growing demand
7	India's Port Strike Threat—Is Relief on the Horizon?
8	DPIIT inks MoU with Flipkart to invest in and mentor Indian startups
9	US reduces garment imports from China, benefiting other Asian countries
10	Cotton yarn prices stable in north India amid average demand
11	Ludhiana: 30% plunge in state's textile exports, Rajya Sabha informed

INTERNATIONAL NEWS

Global goods trade growth steady but outlook cloudy: WTO

Global trade in goods is likely to continue to grow steadily through the fourth quarter of 2024 but the outlook is clouded by increasing economic uncertainty including possible shifts in trade policy, per the latest WTO Goods Trade Barometer readings released on Monday.

"The latest reading of 102.7 for the barometer index is both above the quarterly trade volume index and greater than the baseline value of 100 for the index, suggesting that trade will continue to grow steadily through the fourth quarter. However, the outlook is clouded by rising economic uncertainty, including possible shifts in trade policy," a statement issued by the WTO noted.

The Goods Trade Barometer is a composite indicator for world trade and provides real-time information on the trajectory of merchandise trade relative to recent trends. Barometer values greater than 100 are associated with above-trend trade volumes while barometer values less than 100 suggest that goods trade has either fallen below trend or will do so in the near future.

All of the barometer's component indices remain on or above trend except for the electronic components index (95.4), which has stabilised below trend, the statement pointed out.

"Export orders, usually the most predictive of the barometer's components, remain very close to the baseline value of 100, suggesting steady trade growth in the near term," it said.

Indices representing export orders and raw materials indices are both on trend (100.5) while those representing air freight (102.9), automotive products (104.0) and container shipping (105.8) are firmly above trend. The container shipping index showed the biggest improvement over the last three months while the air freight index lost momentum

The report mentioned rising economic uncertainty, including possible shifts in trade policy, clouding the outlook for global trade. It, however, did not mention what would lead to the shifts in trade policy.

According to the WTO's most recent trade forecast of October 10, trade volume growth for the whole of 2024 is likely to be around 2.7 per cent while growth in 2025 is expected to touch 3 per cent.

Source: thehindubusinessline.com– Dec 09, 2024

HOME

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EU & euro area market production drops in September 2024

In September 2024, total market production in the EU decreased by 0.6 per cent, while in the euro area, it declined by 0.7 per cent compared to the previous month, according to estimates from Eurostat, the statistical office of the EU.

The total market production index (TMPI) is a composite indicator that combines four short-term business statistics indicators covering most of the market economy, i.e. production in industry, construction, and services as well as the trade volume.

The decrease of total market production in the EU in September was driven by a decline in industrial production (-1.8 per cent), services (-0.2 per cent) and construction (-0.1 per cent), while trade saw an increase (+0.3 per cent).

Compared with the same month of the previous year, total market production decreased by 0.4 per cent in both the EU and the euro area.

Source: fibre2fashion.com– Dec 09, 2024

HOME

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Modest improvement in ASEAN manufacturing sector conditions in Nov

The manufacturing sector in the Association of Southeast Asian nations (ASEAN) showed a modest improvement in operating conditions in November this year, according to S&P Global.

Demand improved in the region, albeit at the slowest rate for ninth months, while output was raised for two months running and at a stronger pace.

However, while firms recorded a fresh rise in purchasing activity to support production requirements, employment fell back into contraction territory for the first time in three months in the region.

The turn of the month also revealed intensifying inflationary pressures, with cost burdens and charges rising at strongest rates since August.

The headline S&P Global ASEAN manufacturing purchasing managers' index (PMI) increased for the first time in six months, with the latest reading of 50.8 in November (it was 50.5 in October) marking an eleventh successive improvement in operating conditions.

The rate of improvement was slight overall, despite measuring the strongest in three months.

The uptick in the headline index was partly supported by a solid and stronger rise in production at ASEAN manufacturers in November. The rate of growth quickened month on month.

However, demand trends cooled, with growth in new orders further waning from July's recent high and signalling only a marginal expansion, which was the weakest in the current nine-month sequence of growth.

Cooling demand trends meant that firms were more cautious to commit to new workers, thereby resulting in a fresh decline in manufacturing employment.

However, higher output meant that companies renewed their purchasing activity, following a fractional fall in the month prior.

Confidence for the year ahead outlook for output improved in November after hitting a five-month low in October. While more manufacturers put stock in future expansions, as has been the case for just more than two years, the degree of confidence was historically muted.

Source: fibre2fashion.com– Dec 08, 2024

HOME

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Slight expansion in US economy in recent weeks: Fed Beige Book

US economic activity slightly expanded in most Federal Reserve (Fed) districts since early October this year, with subdued employment growth, a modest rise in inflation and future optimism among businesses, the Fed said in a summary of surveys and interviews known as the 'Beige Book'.

Three regions exhibited modest or moderate growth that offset flat or slightly declining activity in two others. Though growth in economic activity was generally small, expectations for growth rose moderately across most geographies and sectors.

Business contacts expressed optimism that demand will rise in coming months. Consumer spending was generally stable.

Many consumer-oriented businesses across districts noted further increases in price sensitivity among consumers, as well as several reports of increased sensitivity to quality.

Spending on home furnishings was down, which contacts attributed to limited household mobility. Commercial real estate lending was similarly subdued.

Capital spending and purchases of raw materials were flat or declining in most districts.

Employment levels were flat or up only slightly across districts. Hiring activity was subdued as worker turnover remained low and few firms reported increasing their headcount. The level of layoffs was also reportedly low.

Contacts indicated they expected employment to remain steady or rise slightly over the next year, but many were cautious in their optimism about any pickup in hiring activity, a release from the Fed said.

Wage growth softened to a modest pace across most districts, as did expectations for wage growth in coming months.

Prices rose only at a modest pace across Fed districts. Both consumer-oriented and business-oriented contacts reported greater difficulty passing costs on to customers.

Input prices were said to be rising faster than selling prices for most businesses, resulting in declining profit margins. Although input prices rose generally, contacts in several Districts noted declines in certain raw materials and non-labour costs.

Source: fibre2fashion.com– Dec 09, 2024

HOME

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US' textiles & apparel imports see modest growth of 0.8% in Jan-Oct

The United States' textile and apparel imports increased by 0.88 per cent, totalling $90.800 billion from January to October 2024, compared to $90.011 billion during the same period in 2023.

China remained the largest supplier to the US, holding a 24.24 per cent market share, followed by Vietnam at 15.11 per cent.

During the first ten months of 2024, apparel imports, which constitute the majority of US textile imports, decreased by 0.43 per cent to $67.046 billion, down from $67.337 billion in the same period of 2023.

However, non-apparel imports rose by 4.77 per cent to $23.754 billion, according to the US Department of Commerce's Major Shippers Report.

US apparel imports from Cambodia grew by 12.85 per cent, while those from Pakistan rose by 4.44 per cent. Apparel imports from India and Vietnam also saw gains of up to 3.87 per cent.

In contrast, imports from China fell by 1.41 per cent, Bangladesh by 3.31 per cent, Indonesia by 1.51 per cent, Mexico by 8.75 per cent, Honduras by 4.49 per cent, and Italy by 2.58 per cent.

In the non-apparel sector, imports increased by 8.66 per cent from China, 4.04 per cent from Turkiye, 19.65 per cent from Vietnam, 6.67 per cent from India, and 10.48 per cent from Cambodia.

Meanwhile, shipments from Mexico to the US dropped by 5.54 per cent, with further declines from Italy, Canada, and South Korea.

During the review period, total US textile and apparel imports stood at $90.800 billion.

Man-made fibre products accounted for the largest share, totalling $47.279 billion, followed by cotton products at $37.375 billion, wool products at $3.540 billion, and silk and vegetable fibre products at $2.604 billion.

In 2023, the US imported textiles and apparel worth $104.959 billion, marking a 20.51 per cent decrease from 2022. Apparel imports fell by 22.05 per cent to $77.840 billion, while non-apparel imports declined by 15.73 per cent to $27.119 billion.

In 2022, US textile and apparel imports had risen to $132.201 billion, up from $113.938 billion in 2021, following a sharp decline in 2020 when imports dropped to $89.596 billion, compared to $111.033 billion in 2019.

Source: fibre2fashion.com– Dec 10, 2024

HOME

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Moroccan Unions Call for Stronger Textile Industry Safety Regulations

In the wake of three factory fires in Morocco caused by unsafe practices, IndustriALL Global Union and its local affiliate, Syndicat National de Textile Habillements et Cuirs (SNTHC-CDT),are urging the country's government to work with the International Accord for Health and Safety in the Textile and Garment Industry.

The unions would like to see Morocco's government to set up a worker safety program to prevent future incidents. In recent weeks, textile factory fires in Fez, Casablanca and Tangier led to the death of one worker and severe burns for others. The fires were caused by unsafe practices such as use of gas-fired boilers, putting a spotlight on inadequate safety conditions in the nation's textile sector.

Last month, SNTHC-CDT launched a campaign to address subpar working conditions and safety protocols, calling for stakeholders to come together to work out a strategy for solving the problem. On Nov. 29, the union met with Morocco's Ministry of Labor, as well as secretary of state Hicham Sabri, to discuss improving safety for textile workers.

"The meeting was positive as the ministry took note of SNTHC-CDT's request to hold a national debate bringing together all stakeholders in the sector," said SNTHC-CDT general secretary Ahmed Hassoun. "We also informed the minister about the Accod agreement and stressed the importance of its implementation in Morocco."

As a result of the meeting, the Ministry of Labor organized a meeting with representatives of Accord, IndustriALL and SNTHC-CDT to further discuss the possibilities of implementing the the International Accord for Health and Safety in the Textile and Garment Industry in Morocco.

The delegation laid blame on employers who refuse to adhere to health and safety laws while also raising concerns about underground textile operations and the inhumane working conditions in their facilities. Representatives from the unions urged the Ministry of Labor to develop protocols for implementing effective safety and health measures in textile manufacturing facilities.

“We are deeply saddened by the news of such frequent accidents in the sector in Morocco,” said IndustriALL general secretary Atle Høie. “We welcome the results of the meeting between the minister and the SNTHC-CDT, which is part of the union’s ongoing efforts and initiatives to address such a serious situation.”

With the ongoing growth of Morocco’s textile industry (the country’s apparel market is estimated to be $2.63 billion in 2024 and projected to grow by 2.87 percent annually, according to Statista) Høie said the nation needs to act quickly to prevent another tragedy.

“Time is not on our side. We need stronger actions,” he said. “An agreement to bring the International ACCORD to Morocco would be a big step in the right direction.”

Source: sourcingjournal.com– Dec 09, 2024

HOME

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Italy's retail trade dips in October 2024

The seasonally adjusted index for retail trade in October 2024 showed a slight dip, with value terms declining by 0.5 per cent and volume falling by 0.8 per cent compared to September, as per the Italian National Institute of Statistics (Istat).

Despite the monthly decline, a positive trend emerged over the three months to October 2024, with retail sales value increasing by 0.6 per cent and sales volume rising by 0.3 per cent.

Year-on-Year (YoY) data revealed robust growth, as the value of retail trade climbed 2.6 per cent and volume grew 1.5 per cent. Sector-specific performances varied, with large-scale distribution recording a strong 3.2 per cent growth, while small-scale distribution rose by 1.9 per cent. Conversely, non-store retail sales declined by 0.4 per cent. Online sales continued to gain momentum, surging by 4.7 per cent YoY.

Non-food product categories delivered mixed results. Shoes, leather goods, and travel items suffered the most significant drop, with a 1.9 per cent YoY decrease.

Source: fibre2fashion.com– Dec 10, 2024

HOME

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Current Cotton Pricing and Demand Cycle Continues

The December contract is history, and with that the March contract is now falling to the December contract low – just as you can make book that the May contract will replicate falling to the March expiry lows. Merchants have a vested interest in maintaining carry in the market. Growers continue to pay the storage and carrying costs. Unfortunately, you can make book on that, too.

Cotton lost the 71-cent battle but will revisit that level. However, it's not time for excitement just yet as the 68-70 cent mark will be touched again. The foreign crop is larger, and world carryover is increasing. Worst yet, world consumption is, at best, flat. Cotton just can't find a friend at the retail shelf. Cotton is just simply not on the consumer's mind – a market abdicated.

USDA's December supply demand report will be released on Dec. 10 and could paint a rosy picture. However, the March futures contract is playing its cards as if both world and U.S. stocks are increasing. All of this brings back the 66-67 cent price support that I had twice written off.

Nevertheless, I continue to find it difficult to see anything other than a momentary trade below 69 cents. The dominant trading range, based on the trading trend, is the very narrow three cent 69-73 cent range. However, 73 cents seems high, especially given the outlook for bleak export sales.

Net weekly export sales of upland fell to 170,700 bales with Vietnam (83,400 bales), Pakistan (36,700), and Turkey (20,400) being the primary buyers. Shipments totaled only 157,500 bales with primary destinations being Pakistan (31,500 bales), China (24,800), and Vietnam (20,900). Shipments significantly lag the pace needed to reach the current USDA estimate for the 2024-25 marketing year.

The new calendar will welcome a new Chinese import quota of 4.1-4.2 million bales. Certainly, the U.S. will get its share of that business, but that share is rapidly declining. Yet, as we have noted several times, the world cotton marketing structure has changed. The U.S. cotton industry is no longer the cotton world's primary player. The U.S. is not the primary producer, consumer, or exporter.

More importantly, it has lost its comparative advantage in the cost of production. This is the most severe loss and the most punishing market loss the U.S. cotton industry has ever suffered. The market no longer must rise to a level necessary to keep the U.S. grower in business.

Just a simple comment here—the necessity to double down, actually triple down on promoting cotton, is paramount, a task the U.S. industry has completely failed.

Price advancement is also hampered by an unfriendly On-Call report. The ratio of on-call purchases (grower requirement to sell futures) versus on-call sales (mill requirement to buy) significantly favors on-call purchases, i.e., more cotton to sell than to buy. Granted, that is a point estimate, but it strongly suggests any price advance will likely be very restrictive. Yet, it does not mean that prices will not advance. However, the odds are not favorable (the merchants need to keep carry in the market so that they do not have to pay storage and carry, ensuring that growers incur those costs).

A 2.5 million bale sale to China would do the trick, but China is already flush with cotton and U.S. cotton, compared to other growths, is expensive. (There is discussion that lowering the value of the dollar would sell more cotton. True, but that comment is completely in a vacuum. Too, it does not speak to creating higher costs of production. Again, be wary of a cheap dollar. Exporting more may be akin to having a bigger truck – one can lose more that much quicker.)

Certainly, I do not pretend to speak for the cotton industry. Yet, at least as far back to the 1980s, the U.S. cotton industry has bemoaned "free trade" in favor of "fair trade." All my theoretical economics mentors preached free trade, but all also declared it a mere framework from which to begin the tariff discussion, not a place to end the discussion. Those bemoaning tariffs forget that free trade is only a theoretical concept within the classroom topic of perfect competition. The anti-tariff discussion directly implies perfect knowledge between buyer and seller.

Do tell, tell me what the Chinese government is thinking, tell me exactly how they will act. Ditto, Canada. Ditto Mexico. The world cotton and textile industries are flush with tariffs. Too, production agriculture favors tariffs, that is, if it supports any government protection and or subsidization of agricultural production. In fact, the modern support for production agriculture had its birth only after the U.S. ended all tariffs against Europe and Japan to rebuild the world after World War II. That U.S. effort was rewarded by those same countries with massive tariffs against U.S. agriculture, causing the U.S. to develop the current price and production system in existence to this day.

The U.S. has constructed fewer tariffs than most other countries, although we have our share. The current tariff discussion, especially as it relates to agriculture, has been presented in a vacuum and has been more misleading than not. Again, free trade is only a theoretical framework and nowhere does it exist in a political economy.

Old crop's price ladder is still steep with only a very few rungs within reach. There is a steep step at 73 cents, and it becomes very slippery if 75 cents is touched.

New crop will face 2025 planted acreage of more than 11.0 million acres. My plantings estimate is easing higher, in tune with improved winter moisture in the Southwest. In fact, plantings of 11.5 million cannot be discounted. Other factors in support of cotton plantings include the importance of crop rotations, seed income, gin ownership, and warehouse ownership. New crop cotton production will be profitable.

Source: cottongrower.com– Dec 09, 2024

HOME

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Vietnam's trade surplus hits $24.31 bn in Jan-Nov 2024

Vietnam saw a trade surplus of $24.31 billion in the first 11 months this year, according to the country's General Statistics Office (GSO).

In November, total trade turnover was estimated at $66.4 billion, representing a year-on-year (YoY) increase of 9 per cent.

In the January-November period, total export and import turnover reached $715.55 billion—up by 15.4 per cent YoY.

Export turnover during the period was estimated at $369.93 billion—a YoY increase of 14.4 per cent. The domestic economic sector contributed $103.88 billion, accounting for 28.1 per cent of the total, while the sector with foreign direct investment contributed $266.05 billion, making up 71.9 per cent.

Import turnover during the eleven months reached $345.62 billion—up by 16.4 per cent YoY. The domestic economic sector's spending on imports increased by 18.5 per cent YoY to $126.05 billion, while the FDI sector recorded $219.57 billion—up by 15.2 per cent YoY, a domestic media outlet reported.

The United States remained the country's largest export market with exports worth $108.9 billion, while China was the top source of imports, worth $130.2 billion.

Source: fibre2fashion.com– Dec 10, 2024

HOME

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Pakistan: APTMA demands govt restore EFS

The All Pakistan Textile Mills Association (APTMA) has demanded the federal government for immediate restoration of Export Finance Scheme (EFS) to its pre-Finance Act 2024 form that allowed the sales tax exemption and zero-rating on all local supplies used for export manufacturing.

The APTMA Southern Region has said that the spinning mills are facing tremendous losses and closure due to misuse of the EFS, under which import of cotton and blended yarns are exempted from sales tax and duties. The closure of local spinning mills is leading to massive losses to the national exchequer and unemployment, it added.

According to Naveed Ahmad, Chairman APTMA Southern Region, as there is no duty and sales tax under the yarn imports under EFS, import of yarn increased by 254 percent during the November 2024 compared to January 2024, under the pretext of being used in the export of textile products.

However, a large portion of these yarns are being sold in the domestic market as a result of which the domestic yarn manufacturing industries are faced with losses and closures which in turn has caused loss of hundreds of thousands of textile workers their jobs and livelihood, he mentioned.

While appreciating genuine exporters, he said that some elements are misusing this scheme to evade sales tax and custom duties, thus causing loss of millions of rupees to the national exchequer and also crippling the domestic industry.

The APTMA has raised this issue at all levels of the government and called for an immediate review of the scheme and to create a level playing field, he informed. “Unfortunately, our pleas have remained without any tangible action and the domestic industry continues to close down,” he added.

Naveed mentioned that the withdrawal of zero-rating on local supplies for export manufacturing under the Finance Act 2024 was posed as a revenue-enhancing measure; rather, it is having the opposite impact by forcing a decline in business activity and thus the government’s revenue collection.

Local manufacturers, suppliers of exporters, are now rapidly shutting down as exporters are purchasing duty-free and sales-tax free inputs from abroad while, domestically manufactured ones that are subject to an 18 percent sales tax, he said and added “the sales tax is refundable, however, the FBR continues to delay sales tax refunds to exporters.”

In addition, imports of yarn and other inputs imported under EFS are also increasingly and illegally flooding the domestic market to further detriment of the local industry.

Imported duty-free and sales tax-free yarn is being sold in the domestic market at rates that the domestic industry cannot compete with due to higher production costs, which in and of themselves are a result of callous policymaking that has caused energy prices to skyrocket, and domestic cotton production to plummet, the chairman APTMA Southern Zone revealed.

He warned that over 40 of spinning mills have been forced to shut down and if the government does not immediately address this issue other sectors such as weaving and processing, and the entire upstream textile industry will also be hurt directly.

Pakistan was once home to a full textile and apparel value chain, a rare asset in the global market. Apart from India and China, no other country has this capability. But it’s better to speak of this in the past tense because these sectors are now on life support thanks to blundersome policies, he added.

“We urgently call on the government to strengthen checks and balances on firms misusing the EFS to protect Pakistan’s domestic industry and implement credible penalties for those facilitating and engaging in fraudulent activities,” the APTMA demanded.

Moreover, a rigorous reappraisal of all EFS holders should be conducted for improved transparency and accountability, and EFS licenses should be limited to only those firms that are engaged in manufacturing, he added.

Source: brecorder.com– Dec 10, 2024

HOME

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Bangladesh: From cotton to MMF: transforming the RMG industry

Bangladesh's ready-made garments (RMG) sector has driven the economy for decades, boosting exports and employing millions. However, the industry is now facing new challenges. New global trade regulations, along with stringent environmental laws from regions such as the European Union (EU) and the United States, are putting pressure on cotton exports. As global demand for cotton apparel drops, Bangladesh must adapt quickly.

To remain competitive, Bangladesh must consider alternatives such as man-made fibres (MMF). These fibres meet the growing global need for sustainable fashion while also opening up new markets. Shifting to MMF will not only help Bangladesh secure its position in the global apparel sector but will also ensure compliance with changing environmental regulations. This change will be critical to Bangladesh's long-term export growth, allowing it to remain competitive in a market where eco-friendly products are increasingly valued by international brands.

Bangladesh's RMG export performance slowed significantly in 2024. Between January and April, EU exports fell by 9.85 per cent, while exports to the United States fell by 14 per cent. Tightening environmental restrictions like the EU Green Deal and altering buyer policies have exacerbated this fall. Global brands prefer sustainable production processes, such as recycled materials and MMF-based garments, over traditional cotton. With cotton garments accounting for 67 per cent of its exports in 2022, Bangladesh must shift to MMF to remain market-relevant.

Global competitors like Vietnam and China have adopted MMF significantly more quickly than Bangladesh. Vietnam's MMF-based exports account for 56 per cent of its overall garment exports, with China leading at 62 per cent.

Bangladesh had only 28 per cent of its garment exports from MMF in 2022, a favourable growth from 21.8 per cent in 2021. To catch up with these countries, Bangladesh must expand into high-value MMF-based products and align with the global demand for sustainability.

Regarding water use, MMF production has major environmental advantages over cotton. For example, polyester requires only 84-143 litres of water per kilogramme, whereas cotton uses 4,342-6,902 litres. China and Vietnam have established themselves as MMF hubs by exploiting these advantages, but Bangladesh has just started increasing MMF production to remain competitive.

The circular fashion movement promotes resource reuse throughout the production cycle, with MMF fibres like recycled polyester reducing reliance on virgin resources. Efficient production processes, eco-friendly packaging, and extended product life span promote responsible consumption. Post-consumer garments are sorted and recycled into new fibres, completing the circular fashion life cycle. By adopting circular fashion, Bangladesh can follow international sustainability standards while strengthening its export value chain.

Global fashion brands are promoting sustainable practices, particularly through the growing use of MMF. Adidas plans to replace all virgin polyester with recycled polyester by 2024, while Nike intends to convert to 100 per cent recycled materials by 2025. These initiatives highlight the growing demand for sustainable garments, pushing Bangladeshi RMG manufacturers to increase their MMF capabilities. Local collaborations with Chinese enterprises to create PET and PSF chips highlight the country's commitment to establishing backward links and promoting sustainable garment manufacturing.

Shifting to sustainable apparel production offers both benefits and challenges for the RMG sector of Bangladesh. Adopting man-made fibres (MMF) and eco-friendly practices keeps the industry aligned with global trends and raises production costs. This expense increase has created concerns about whether buyers will continue placing orders at the same level. Although buyers now prefer environment-friendly products, they still expect affordable prices, making it difficult for manufacturers to balance sustainability efforts with profitability.

Several factors contribute to the higher costs of producing sustainable MMF apparel. For example, recycled polyester requires advanced collection, sorting, and processing technology, making it more expensive than virgin fibres.

Sustainable initiatives taken by well-known brands are pushing suppliers toward sustainable practices. However, these changes increase production costs, discouraging buyers from placing larger orders.

Although MMF is more sustainable than cotton, it requires additional production expenses. Recycling synthetic fibres such as polyester involves complicated processes that add to the overall cost. Bangladesh faces higher initial costs because it is relatively new to MMF production. In contrast, countries like China and Vietnam have more experience, which gives them an advantage in managing costs.

India and Vietnam offer useful strategies for Bangladesh to follow. India promotes MMF adoption through government programmes, including the "Make in India" initiative and subsidies for textile startups. Vietnam focuses on high-value MMF products like performance wear, which generates higher profits for manufacturers.

Bangladesh has also taken steps toward MMF production, achieving 20 per cent annual growth in products such as suits and blazers. However, Bangladesh needs stronger government support and foreign investments to keep up with Vietnam and India. Collaborating with international partners and attracting global brands will be essential for expanding MMF production. Learning from the successes of other countries, Bangladesh can strengthen its position in the global apparel market and increase its MMF export share in the years to come.

Bangladesh faces challenges in securing competitive prices compared to other countries. Peru earns 83 per cent more for men's cotton T-shirts, Thailand charges 79 per cent more for women's jackets, and Turkey achieves a 59 per cent markup on women's trousers, while Bangladesh struggles to match these premiums. To improve its market position, Bangladesh needs to shift toward high-value products like MMF-based blazers, active-wear, and jackets, which attract better prices globally.

Efforts by Bangladesh to promote sustainable apparel through MMF could erode buyer interest, if the country cannot offer competitive pricing. Buyers may shift their orders to countries like Vietnam and China, which have found ways to balance sustainable production with lower costs. Although sustainability is essential, it adds complexity to maintaining profitability in a market that demands both affordable products and eco-friendly practices.

Fibre mix comparisons show the heavy dependence of Bangladesh on cotton, with 67 per cent of its exports coming from cotton, compared to 51 per cent in India and 36 per cent in Vietnam. Turkey and Vietnam demonstrate greater flexibility, with 49 and 56 per cent of their exports made from MMF respectively. Bangladesh must reduce its reliance on cotton and increase MMF production to become competent. Adopting a more balanced fibre mix will improve its ability to meet global demand, negotiate better prices, and maintain buyer interest in a competitive market.

Bangladesh's shift from the status of a Least Developed Country (LDC) brings both challenges and opportunities. To stay competitive, the government has introduced several initiatives. One key step is the reduction of import duties on polypropylene yarn to support local MMF industries. The aforementioned initiatives with Chinese companies to produce MMF chips locally also strengthen supply chains and reduce reliance on imports.

In addition, Bangladesh is actively pursuing trade agreements with partners such as Uruguay to broaden its market reach. These agreements encourage export growth and open doors to new markets, including the Mercosur trade bloc. Expanding into non-cotton materials, such as wool and silk, offers new possibilities for diversifying products and supports environmental goals by promoting sustainable practices.

Sustainability has become essential in the global textile industry. Major brands now use recycled materials in their production processes, with recycled polyester making up 14 per cent of the recycled fibre market. In comparison, recycled cotton accounts for only 1.0 per cent because recycling natural fibres presents technical difficulties. This shift towards man-made fibres highlights the importance of manufacturers in Bangladesh embracing sustainable practices.

Increasing the use of MMF also helps Bangladesh achieve environmental targets by lowering carbon emissions. For example, replacing cotton with polyester throughout the production chain reduces CO? emissions by 1.5 kilogrammes per garment. This shift supports Bangladesh in meeting international sustainability standards and staying competitive in the evolving global market.

While MMF offers many benefits, relying entirely on synthetic fibres raises environmental concerns, such as microplastic pollution. Bangladesh can address this by exploring non-cotton materials like wool and silk, which have lower environmental impacts and biodegrade more easily. Increasing exports of wool-based outerwear and formal wear aligns with global demand for high-value products.

Bangladesh can also learn from Taiwan and India about how to diversify non-cotton apparel. Taiwan focuses on innerwear, which makes up 29 per cent of its non-cotton exports, while India emphasizes top wear and dresses, accounting for 24 per cent and 19 per cent respectively. Expanding into other categories, such as active-wear and innerwear, as seen in Taiwan and India, will improve Bangladesh's market flexibility. Bangladesh should also continue investing in new production processes and partnerships with international brands to capture niche markets, reduce dependence on traditional garments, and strengthen its position as a sustainable apparel supplier.

Adopting circular fashion practices, increasing production of MMF-based products, strategic investment in infrastructure, and focusing on sustainability will help the country stay competitive in the global RMG sector, even amid the global trade challenges. This shift will support Bangladesh in reaching its export goals and position it as one of the top countries in sustainable fashion production.

Source: thefinancialexpress.com.bd– Dec 09, 2024

HOME

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NATIONAL NEWS

Textile companies hog limelight on export prospects

Stocks of most textile companies rallied on hopes for better export prospects with the unrest in Bangladesh opening up fresh opportunities despite looming geopolitical concern and supply chain disruption.

Welspun Living was up six per cent at ₹174, while Himatsingka Seide and Gokuldas Exports increased eight per cent and six per cent to ₹211 and ₹1,037, respectively. Indo count Industries jumped 13 per cent to ₹387 each share.

Textiles exports increased 12 per cent in October to $1.83 billion from the year-ago period. Apparel exports registered 35 per cent year-on-year growth in October due to realignment of the global supply to India amid the prolonged unrest in Bangladesh.

Push from govt incentives

Backed by government incentives, some Indian exports have increased their market share in the US and have emerged as a preferred sourcing destination despite global headwinds and disruptions due to ongoing wars.

Dr Siddhartha Rajagopal, Executive Director, Cotton Textiles Export Promotion Council, said short-term gains are being reported due to the Bangladesh crisis, especially in the garment segment.

Some of the Christmas-season orders meant for Bangladesh seem to be coming India’s way with home textiles exports also in positive territory. Overall demand trends are looking up and this fiscal will end on a positive note, he said.

FTA and festive season

Besides the Bangladesh crisis, textile exporters have also benefited from the free trade agreement (FTA) signed with countries like South Korea, Japan, Australia and Mauritius.

Ashutosh Somani, Executive Director, Institutional Equity Research, JM Financials said the global inventory de-stocking cycle has now come to an end, with Indian players expecting relatively better demand in the second half of this fiscal as retailers gear up for the holiday season.

With rising labour costs amidst the China-plus one theme playing out, China has been losing market share across the world with its share in UK alone falling to 19 per cent this year from 27 per cent in 2020, said Somani.

The internal turmoil in Bangladesh and high factor costs in Vietnam might play well for Indian exporters, he said.

Ongoing wars have disrupted the traditional trade routes adding to the cost burden and this is the appropriate time for the government to support this labour-intensive sector through hand-holding, capacity augmentation, skilling, investment and sustained financial support to this MSME-driven sector, said a textile company executive.

Source: thehindubusinessline.com– Dec 09, 2024

HOME

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Shifting dynamics: Gujarat's denim industry looks beyond fabric

Gujarat, known as the 'Denim Capital of India', is on the verge of a tectonic shift. The state's denim producers, renowned worldwide for their fabric manufacturing prowess, are developing strategies for forward integration and considering entry into garment manufacturing. The industry is moving towards a vertical growth pattern, driven by global procurement changes and attractive benefits under the Gujarat Textile Policy 2024.

The denim producers are expanding from fabric producers to comprehensive garment suppliers. Despite obstacles such as the need for skilled workers and substantial initial capital requirements for garment production, the sector is optimistic about the move. The Indian denim fabric manufacturing industry has an annual turnover of around Rs 20,000 crore, of which Gujarat accounts for Rs 13,000 crore.

Kumar Aggarwal, an Ahmedabad-based denim manufacturer, said, "After the glut over the past couple of years, the situation in the denim sector finally improved with demand showing a major sign of improvement from both domestic and export markets. The demand for the festive and wedding season is also good. With political instability in Bangladesh, several MSMEs are now eyeing fresh opportunities in garment manufacturing, and as a result, fresh investments have begun pouring in."

From Weaving Factories to Global Showrooms

Gujarat's denim producers have been leading exporters of fabric for many years. The recent global challenges, including conflicts in Ukraine-Russia, tensions in the Middle East, and political turmoil in Bangladesh, have necessitated a strategic shift in their business approach. "Ahmedabad-based denim manufacturing units faced high volatility over the past two years due to global events," said a senior Gujarat Chamber of Commerce and Industry (GCCI) member, requesting anonymity.

"The recent Bangladesh unrest forced global brands to look for alternative sourcing options. Mills here are now planning to set up garment manufacturing facilities to supply finished products directly to global brands. While this transition won't happen overnight, it is very crucial for survival and profitability," the GCCI member added.

Bangladesh's position as a primary hub for garment production and a preferred choice for international brands is now being questioned. The political instability there has caused major fashion brands to seek diversification in their sourcing, creating huge possibilities for India, particularly Gujarat's established denim sector.

"The unrest in Bangladesh is an opportunity in disguise for Gujarat, and therefore, denim mills here – even those in the MSME sector – are eager for forward integration into denim apparel manufacturing, which is in high demand," said the promoter of a textile conglomerate, requesting anonymity. "Global brands now want a reliable partner who can deliver end-to-end solutions. With forward integration, Gujarat denim giants can now become a one-stop shop for the world's leading brands. It's time for Gujarat to move up the value chain and make its mark in the global garment industry. This will especially aid the state in employment generation and companies in further cashing in on the growing export market," he added.

Major Players Adopt Integration Strategy

Leading companies like Arvind Ltd are actively pursuing vertical integration in their operations. During a recent earnings call, Punit Lalbhai, vice chairman and executive director of Arvind, shared insights about this strategic direction. "I think the Indian garment industry has to bat on the front foot to create capacities before customers can expand their sourcing plans to India," Lalbhai said. "Vietnam and Bangladesh are reaching saturation, and the unrest in Bangladesh reinforces the need for more sourcing locations. India ticks many boxes for diversification. At Arvind, we are expanding denim as a category by adding garment capacity. This approach allows us to offer a full package to customers, increasing our control over the supply chain and improving profitability."

More organisations are positioning themselves for similar transitions. Vinod Denim Limited, with its current denim fabric production capacity of 42 lakh metres per month, considers garment manufacturing its next strategic move. "We export significant volumes to countries like Bangladesh," said Piyush Mittal, director, Vinod Group. "But with global brands seeking uninterrupted supply chains, garment manufacturing is becoming a necessity. Gujarat's new textile policy incentivises garments, and we believe the denim sector will soon see significant progress in this area."

The Gujarat Textile Policy 2024 could act as a significant transformer for the sector. The policy's focus on incentives for garment manufacturing encourages denim fabric producers to expand their operations. The combination of monthly wage support, substantial subsidies, and additional benefits for workforce-intensive units is likely to attract more businesses into garment production. This strategic approach has two key advantages: it lessens reliance on external clothing manufacturing centres while enhancing product value, allowing businesses to achieve higher price points.

"The policy provides the perfect platform for Gujarat to strengthen its position as a global denim hub," said Sourav Jalan, managing director of Sri Shyam Denim Pvt Ltd. "With a monthly denim capacity of 20 lakh metres, we see garment manufacturing as the key to unlocking new opportunities. Value addition is the way forward, and we are seriously considering this step in our next phase of expansion."

Backward Integration for a Sustainable Future

Although discussions often centre around forward integration in garment production, companies are increasingly focusing on backward integration strategies too. Businesses are now directing investments towards eco-friendly raw material procurement, material recycling processes, and innovative dyeing solutions. These initiatives aim to establish an end-to-end supply chain that optimises costs while promoting environmental stewardship and responding to worldwide sustainability movements.

The Challenge Ahead

Gujarat's denim manufacturers face significant challenges in establishing garment production facilities for Indian brands. Industry specialists indicate that becoming a dependable sourcing centre for domestic labels presents considerable difficulties. Rahul Shah, co-chairman of the GCCI textile taskforce and MD of L B Tex Pvt Ltd, said, "Bangladesh gets denim fabric from India, makes garments, and then sends it back to India. Despite that, it provides cheaper garments than India, so we need to work really hard if we want to replace Bangladesh in denim garmenting."

"We need high-skilled and efficient workers. One line with an average of 60 machines would produce between 1,600-2,000 denim garments per day in Bangladesh, which in India would be 800-1,200. This is the major factor; otherwise, labour, electricity, and interest costs are almost the same in Bangladesh and India," added Shah. He explained that Bangladesh has expertise in denim washing and laundry, which is one of the most important processes in denim garmenting, for a better quality product despite the same fabric. "We need to get this expertise. And lastly, water availability and effluent discharge systems have a vast difference in Bangladesh and Gujarat."

According to industry data, India's monthly denim production capacity stands at 10 crore metres, with Gujarat accounting for 65% of this capacity, establishing itself as India's primary denim manufacturing centre. Of the total production, approximately 2 crore metres are designated for export. Bangladesh receives 35% of India's denim exports, with Gujarat serving as the principal supplier of denim fabric to Bangladesh.

At Arvind, we are expanding denim as a category through the verticalisation route by adding garment capacity. This approach allows us to offer a full package to customers.

Punit Lalbhai | VC-ED, Arvind Limited
With the Bangladesh situation panning out, several MSMEs are now eyeing fresh opportunities in garment manufacturing, and as a result, fresh investments have begun pouring in

Kumar Aggarwal | Partner, Venus Denim
With global brands seeking uninterrupted supply chains, garment manufacturing is becoming a necessity for India. The Gujarat govt's new textile policy incentivises garmenting, and we believe the denim sector will soon see significant progress

Piyush Mittal | Vinod Denim
With a monthly denim capacity of 20 lakh metres, we see garment manufacturing as the key to unlocking new opportunities. Value addition is the way forward, and we are seriously considering this step in our next phase of expansion

Sourav Jalan | MD, Sri Shyam Denim

Source: timesofindia.com– Dec 09, 2024

HOME

****

India, Australia outline path for early conclusion of FTA

India and Australia have "outlined a path forward for the early conclusion" of their Comprehensive Economic Cooperation Agreement (CECA), the government said Monday.

The two sides discussed critical areas of the proposed agreement, including trade in goods, services, mobility, agri-tech cooperation, among others during a three-day stocktake meeting held from December 4-6. "The discussions also centred on market access modalities that align with India's food security objectives," the commerce and industry ministry department said in a statement.

The Indian delegation was headed by additional secretary and chief negotiator, department of commerce, Rajesh Agrawal, while the Australian side was led by first assistant secretary and chief negotiator, department of foreign affairs and trade, Ravi Kewalram. The meeting follows the 10th round of CECA negotiations held in Sydney from August 19-22 where both sides made significant progress on various aspects of the CECA.

"Both delegations expressed optimism about the future of the CECA and the broader India-Australia economic partnership. The discussions have paved the way for further collaboration, particularly in areas such as agricultural innovation, market access, and supply chain resilience," the ministry said. CECA negotiations began in February 2023, nearly two months after the signing of the interim trade agreement, also known as the Economic Cooperation and Trade Agreement (ECTA). Both countries signed ECTA in April 2022, which came into effect later that year, on December 29.

The proposed comprehensive trade deal envisages covering five broad areas, including goods, services, digital trade, government procurement, and product-specific rules under the rules of origin chapter. Both sides have shown interest in including new areas in the comprehensive trade deal, such as competition policy, micro, small and medium enterprises , gender, innovation, agri-tech, critical minerals, and sports.

Source: economictimes.com– Dec 09, 2024

HOME

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Online orders, sustainable goods drove exports in 2024

Higher online orders, demand for sustainable products and order values that were lower than the past were among the key trends for Indian exporters in the year that is coming to a close.

Exporters termed 2024 as a mixed year amid US elections and slow demand in some European countries, especially France and Germany, even as they expect the start of the holiday season in the Western markets to boost shipments.

"There was a 5-8% rise in exports over last year, led by demand in the US, the EU and the Middle East," said Rafeeque Ahmed, chairman of Farida Group, India's largest shoe manufacturers and exporters.

"The average order value was 20% lower than before. Clients are asking for lower-ticket price items," said Mahavir Pratap Sharma, founder of Jaipur-based hand-knotted woollen carpet exporter Oscar Expo Design.

India's merchandise exports in October surged 17.3% from a year earlier - the fastest in two years - to $39.2 billion, driven by improved demand from developed markets.

Garment exporters are getting increased orders, as global brands that sourced products from Bangladesh are diverting some of the orders to India amid political instability and law-and-order issues in that country.

"There is 10% growth because of the Bangladesh factor and another 5-10% growth due to demand from the US and the EU," said Sanjay Jain, managing director of TT Ltd, an exporter of readymade garments.

Jain said there was "good growth" in the September-October period and the next season is expected to be better.

The ongoing international trade disruptions along with volatility in crude and metal prices have played a key role in increasing the value of exports to some extent, according to Ashwani Kumar, president of the Federation of Indian Export Organisations.

Meanwhile, rising Israel-Iran tension is leading to logistical challenges, as most of India's trade to Europe, Africa, CIS and the Gulf region is happening on the Red Sea route or the Gulf region, prompting buyers to have higher inventories.

Exporters said sustainable handicraft and products focused on circularity are now being demanded in the western markets.

"Fresh orders happened whose impact we will see early next year. We have seen 12-16% growth in orders, especially furniture and sustainable products," said Rakesh Kumar, chief mentor, Export Promotion Council for Handicrafts.

Kumar said a lot of selling is happening through ecommerce as brands which had shut physical stores during Covid are now buying online as they save costs such as warehousing, inventory, rental and overheads.

"Due to the US elections, weakening of the euro and war escalations, there was no bump in business this year," said a Gujarat-based exporter of apparel to Europe.

As per Sharma, exports could gradually improve as the US administration sets in under president-elect Donald Trump.

Source: economictimes.com– Dec 09, 2024

HOME

****

Can India replace China as the US's fashion sourcing hub?

The US fashion industry is grappling with the need to diversify its sourcing, but moving away from China is a challenge. India emerges as a potential contender, boasting a robust and self-sufficient supply chain.

Is China dependence a burden?

The US fashion industry's dependence on China for apparel sourcing is facing a lot of scrutiny due to tariff concerns, forced labor allegations, and geopolitical risks. While there's a growing desire to diversify sourcing destinations, a recent report by Sheng Lu, professor of fashion and apparel studies at the University of Delaware, reveals that shifting away from China is easier said than done. Lu's findings, presented at the United States Fashion Industry Association's Apparel Importers Trade & Transportation Conference, highlight China's dominance in the US apparel import market.

Table: US fashion sourcing

Rank	Country	Market Share (Jan-Oct 2024)	Number of SKUs
1	China	61%	62,000
2	India	12%	15,000
3	Vietnam	12%	15,000
4	Cambodia	3%	3,500
5	Bangladesh	2%	<3,000

Source: Sheng Lu, University of Delaware

"The problem is that finding a sourcing locale that can offer the same breadth of products as China remains a lift so heavy that it's proven nearly impossible to budge," Lu stated. "Buying from China isn't so much about price anymore but capabilities."

While alternate sourcing destinations like India and Vietnam have increased their apparel exports to the US, they still fall short of China's product range and complexity. For example, 'Asia 5' countries viz. Bangladesh, Cambodia, India, Indonesia, and Vietnam together can only fulfill 71 per cent of the tops and 47 per cent of dresses that China supplies to the US market.

India emerging a strong contender

India, with its comprehensive and largely self-sufficient textile and apparel supply chain, has the potential to become a significant sourcing hub for US fashion brands.

The industry is vertically integrated, from cotton farming to garment manufacturing, offering a competitive advantage. "India's strength lies in its ability to offer a wide range of products across different price points, from value to luxury segments," says Avinash Mane, a textile industry analyst based in Mumbai. India has also made significant progress in improving its infrastructure and logistics capabilities, making it a more attractive sourcing destination.

Shahi Exports, India's largest garment exporter for example. It has been successfully catering to international brands like Gap, H&M, and Zara. The company's vertically integrated operations and focus on sustainability have enabled it to compete effectively in the global market. "We have invested heavily in building a sustainable and ethical supply chain," says Anant Ahuja, CEO, Shahi Exports. "This has helped us attract international buyers who are increasingly conscious of social and environmental responsibility."

However, despite its potential, India faces numerous issues in its bid to become a major sourcing hub for US fashion. Bureaucratic hurdles, infrastructure bottlenecks, and the need for further skill development in the workforce are some major issues.

However, the government is actively promoting the textile and apparel industry through initiatives like the Production Linked Incentive (PLI) scheme, which aims to boost domestic manufacturing and exports. "The PLI scheme is a game-changer for the Indian textile industry," says Rahul Mehta, Chief Mentor of the Clothing Manufacturers Association of India (CMAI). "It will incentivize investments in technology and capacity building, making Indian companies more competitive globally."

The sustainability imperative

While China dominates traditional apparel manufacturing, Lu's research highlights an area where it lags: sustainable products made with recycled textiles. Italy currently leads this category, followed by the US, with China trailing behind.

This is an opportunity for India and it can capitalize on the growing demand for sustainable fashion. By investing in textile-to-textile recycling technologies and promoting eco-friendly practices, India can position itself as a preferred sourcing destination for environmentally conscious brands. "If you cannot compete with China for traditional products, turn the table; really compete on sustainability," Lu advises.

The moot point is as the US fashion industry seeks to reduce its reliance on China, India emerges a strong contender to fill the gap. With its comprehensive supply chain, competitive labor costs, and growing focus on sustainability, India has the potential to become a key sourcing hub for US fashion brands. While challenges remain, the country's proactive government policies and industry initiatives are paving the way for a more prominent role in the global fashion landscape.

Source: fashionatingworld.com– Dec 09, 2024

HOME

****

Indian textile sector could see a festive cheer amidst disruptions in competing market, growing demand

India's textile sector could be poised for significant growth as disruptions in competing markets open up new opportunities for Indian exporters, according to a recent report by JM Financial.

Bangladesh, which once a dominant player in global textile supply chains, is facing political instability and supply chain disruptions. Meanwhile, rising operational costs in Vietnam is also proving to be a concern. These challenges could drive global retailers to increasingly turn to India as a reliable alternative.

The report highlights that India's market share in apparel exports to the US and UK has grown steadily, reaching 7 percent and 6 percent, respectively, in 2024, up from 6 percent and 5 percent in 2023.

Better demand, Better margins

Indian players like Gokaldas Exports and Indocount expect relatively better demand in 2H compared to 1H due to a possible renewed appetite for buying from retailers on the back of the festival season and now that the global inventory de-stocking cycle has now come to an end, according to the report.

The elevated freight costs due to peak season shipments and the Red Sea issue are expected to cool off in the coming months, which will aid margins for Indian players.

The recently signed UK-India Free Trade Agreement (FTA), could also be beneficial to Indian exporters.

In the US, India's market share in cotton sheet imports rose to 61 percent in 2024, up from 59 percent last year, despite a slight dip in September and challenges like the Red Sea crisis, and supply chain and logistics issues. Overall, US retailers are seeing a mixed demand sentiment. For example, Walmart raised its full-year revenue guidance to 4.8 percent-5.1 percent. On the other hand, competitors like Nike and Target faced softer consumer demand.

Another benefit to Indian textile manufacturers could be the stabilising of prices. According to the report, earlier in 2024, cotton and yarn prices peaked due to supply chain disruptions, higher demand, or market uncertainties. However, by November 2024, prices normalized, with cotton priced at Rs 151 per kg and yarn at Rs 232 per kg. The report notes that the spread between Indian and Chinese cotton prices has also narrowed significantly.

Mixed trends for global retailers

According to the report, global retailers reported mixed inventory trends during their latest earnings calls. Walmart on the back of strong Q3 2024 results, raised its full-year revenue guidance to 4.8%-5.1% from 3.75%-4.75%. While Target and Nike expect continued demand softness, TJX remains optimistic about home textiles. Overall, the report sees that global demand is expected to see a slight boost driven by the ongoing holiday season.

Boost for Indian stocks

Indian textile stocks have been gaining on the back of expected growth in demand. On December 9, stocks of Gokaldas, Trident, Indo Count and Welspun gained nearly 14 percent through the day with Gokaldas closing 6 percent higher, Trident closing 10 percent higher, Indo Count closing nearly 15 percent higher and Welspun closing 5 percent higher at the end of trading for the day.

Source: moneycontrol.com– Dec 09, 2024

HOME

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India's Port Strike Threat—Is Relief on the Horizon?

A proposed indefinite strike across 12 major ports in India could halt a significant portion of ocean freight entering and exiting the country if more than 18,000 dockworkers walk off the job on Dec. 17.

On Thursday, roughly 400 workers held a demonstration in India's western port city of Mormugao as a coalition of six dockworkers unions keeps demanding movement on wage adjustments and productivity-linked rewards (PLR) that have not been fulfilled as part of a new contract agreement.

The federations previously deferred a planned strike in late August after first agreeing to new deal, with the Indian government later approving the wage revisions and reward plans. But the unions say retired employees are not seeing all the retroactive pay they were owed.

One Monday morning report from the Loadstar is optimistic that the labor issue may be resolved ahead of the coalition's Dec. 15 deadline to fully implement the new terms.

That report indicates that officials at India's ministry of ports, shipping and waterways had finally received a mandatory "go-ahead" to approve revised contract conditions and issue a formal order that would enforce the settlement.

"A formal order is expected quickly, mostly by tomorrow," said the Loadstar report. "Officials have already been instructed."

The ministry first issued the order to the Indian Ports Association (IPA) to conclude the settlement of the PLR plan on Oct. 15.

The planned strike by Indian port workers is expected to primarily affect the state-owned ports governed by the IPA.

The 12 IPA member ports include Kolkata; Haldia; Paradip; Visakhapatnam; V.O. Chidambaranar; Cochin; New Mangalore; Mormugao; Mumbai; Jawaharlal Nehru; Deendayal; and Kamarajar.

Workers at India's privately operated seaports, such as those run by Adani Ports and Special Economic Zone Limited (APSEZ), are not expected to take part in the strike. This means that gateways like Mundra Port, which is the country's largest private container-handling port, should still be fully operational for importers and exporters.

Private container terminals operating within the state-owned ports under public-private partnerships may also be partially operational, depending on the involvement of state-employed dockworkers, according to a Monday update from logistics giant Kuehne + Nagel. For example, several ports at Jawaharlal Nehru Port are ran by major global terminal operators like DP World, Maersk-owned APM Terminals and India's JM Baxi & Co.

Cargo traffic at India's state-owned ports declined nearly 5 percent to 67.5 million metric tons in November, from 71.1 million metric tons in the same period a year ago, according to recent data released by the IPA. While most of the ports experienced the year-over-year declines, Jawaharlal Nehru had the highest growth rate at a 12.3 percent increase in cargo traffic. Deendayal Port also managed solid year-on-year growth of 10.1 percent.
Canada Post strike reaches 25th day

While the India labor disruption has the ocean freight world on edge, a currently ongoing work stoppage in Canada has put postal mail and parcels on ice for 25 days as of Monday morning.

After the Canadian Union of Postal Workers (CUPW) spurned a Dec. 1 proposal from the Canada Post last Wednesday, the delivery company shared another set of proposals through a government-appointed mediator Friday afternoon. The CUPW, which represents 55,000 Canadian postal workers, confirmed it had been reviewing the latest proposals that day.

According to a statement from the Canada Post, its proposals include "significant moves to close the gap on key issues like weekend delivery, pensions and wages."

Union negotiator Jim Gallant took the public route in response, saying in a Friday night interview on Canadian news channel CTV News that the union was "extremely disappointed" with the offer.

“What we can see from the offer that we received today is that Canada Post is moving in the opposite direction than we need to get to a negotiated collective agreement,” Gallant said.

On Saturday, Canada Post responded in its own statement, indicating that both parties had agreed to operate within a confidence process. While the agency said it strongly disagreed with the public response, it is encouraging CUPW to share positions through the formal process.

“Our focus should be on moving forward and focusing on the key issues, rather than causing added concern for those most impacted by the national strike,” said the Canada post in a statement Saturday. “With the strike now into its fourth week, CUPW remains persistent in their demands to represent people outside their bargaining unit, such as making our cleaning staff, and other contracted support services, permanent Canada Post employees.”

Source: sourcingjournal.com– Dec 09, 2024

HOME

****

DPIIT inks MoU with Flipkart to invest in and mentor Indian startups

In a significant move, the Department for Promotion of Industry and Internal Trade (DPIIT) has partnered with Flipkart, India's homegrown e-commerce market and signed an MoU with the former to support and empower tech start-ups across India.

Aimed at encouraging the growth of innovators and entrepreneurs, the partnership further catapults on existing efforts under the Flipkart Leap and Ventures initiative with its USD 100 mn fund.

Till date the company has invested in 20 companies and continues to identify startups with high growth potential.

The collaboration will enable access for startups to industry reports, research papers, datasets and other studies published by government authorities for market research and fast-track patent applications filed by startups for timely opportunities.

MoU reiterates DPIIT's firm commitment to provide fulsome to their partners to enable accessibility and connections to Startup India's program and network for greater program adoption, reach and participation.

Sharing his vision about country's ambitions program of Startup India, Joint Secretary Startup India Mr. Sanjiv said it represents the spirit of innovation and entrepreneurship that drives our nation's progress. He said that the MoU will create synergy for a thriving environment to enable Startups to scale new heights.

He added that this collaboration will accelerate the transformation of ideas into impactful solutions, strengthening India's position as a global innovation leader.

Rajneesh Kumar, Chief Corporate Affairs Officer, Flipkart Group, said that MoU reflects company's goal of empowering startups through strategic support, resource access, and global market connections.

With the continued association and combined synergies, Flipkart aims to unlock opportunities for entrepreneurs with 100 million USD venture fund to pioneer breakthroughs that shape the future of technology and business in India and beyond.

He said that Flipkart will provide resources, guidance, and support for different milestones, such as prototype development and offer connections and insights for international expansion.

Source: pib.gov.in– Dec 09, 2024

HOME

****

US reduces garment imports from China, benefiting other Asian countries

In a significant shift in global trade dynamics, the United States has steadily reduced its garment imports from China over the past decade.

This decline, spurred by the US-China trade war and concerns over China's human rights violations, has opened doors for other Asian countries to expand their presence in the American apparel market.

According to a recent report by the United States International Trade Commission (USITC), China—once the dominant supplier of garments to the US—saw its market share plummet by 16.4 percent between 2013 and 2023.

In contrast, nations like Vietnam, Bangladesh, India, and Cambodia have emerged as major beneficiaries of this shift.

China's dominance in the US apparel market was once unassailable. Its large-scale production capabilities, efficient supply chains, and competitive pricing made it the go-to source for American retailers.

However, several factors have eroded China's market share over the past decade.

US-China trade war: The trade war, which began in 2018 under the Trump administration, imposed tariffs on hundreds of billions of dollars' worth of Chinese goods, including apparel.

These tariffs significantly increased the cost of importing garments from China, prompting US companies to explore alternative sourcing options.

Human rights concerns: Reports of forced labour in China's Xinjiang region, where a significant portion of the country's cotton is produced, have drawn widespread condemnation.

In response, the US enacted the Uyghur Forced Labor Prevention Act in 2021, banning imports of goods made with forced labour from Xinjiang.

This legislation further dis-incentivised American companies from sourcing garments from China.

Rising labour costs: As China's economy has matured, wages have risen, making it less competitive compared to other low-cost garment-producing nations in Asia.

While China's loss has been significant, it has provided opportunities for other Asian countries to increase their exports to the US.

These nations have leveraged their strengths to fill the gap left by China.

Vietnam: Vietnam has been the biggest beneficiary, solidifying its position as a top supplier to the US apparel market.

The country's proximity to China has allowed it to capitalise on existing supply chain infrastructure while offering lower costs.

Additionally, Vietnam has signed free trade agreements with key global partners, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which enhances its competitiveness.

Bangladesh: Known for its expertise in producing ready-made garments, Bangladesh has expanded its foothold in the US market by offering competitive pricing and large-scale production capabilities.

Investments in sustainability and compliance with international labour standards have further boosted its appeal to American buyers.

India: India has emerged as a strong contender, especially in categories like cotton apparel and textiles.

Government initiatives such as the Production Linked Incentive (PLI) scheme and a focus on enhancing manufacturing capacity have enabled Indian exporters to seize opportunities created by China's declining market share.

Cambodia: Cambodia's garment sector has also seen growth, and the credit goes to preferential trade agreements and competitive labour costs.

Despite challenges like limited infrastructure, the country has managed to attract US buyers seeking alternatives to China.

The redistribution of market share among Asian countries has far-reaching implications for the global apparel industry.

Diversification of supply chains: US companies have increasingly adopted a "China plus one" strategy, diversifying their supply chains to reduce dependence on a single country.

This trend not only mitigates risks associated with geopolitical tensions but also ensures greater resilience against disruptions like the Covid-19 pandemic.

Increased competition among exporters: With more countries vying for a larger slice of the US apparel market, competition among Asian exporters has intensified.

This has encouraged nations to invest in improving quality, sustainability, and compliance standards.

Focus on sustainability: Sustainability has become a key focus area for US retailers, who are under growing pressure from consumers and regulators to adopt ethical sourcing practices.

Countries like Bangladesh and India have responded by investing in green technologies and sustainable manufacturing processes, further enhancing their appeal.

The Trump factor: Uncertainty ahead

As Donald Trump is all set to begin his new tenure in January 2025, after the historic election win, experts are closely watching how his administration might impact US-China trade relations and the broader apparel market.

Renewed tariffs and trade restrictions: Trump’s first term was marked by a hardline approach to China, including the imposition of tariffs that disrupted global trade flows.

As he will be returning to office, similar policies could further accelerate the decline in US garment imports from China, benefiting alternative suppliers in Asia.

Focus on domestic manufacturing: Trump’s "America First" policy emphasised boosting domestic manufacturing.

While it is unlikely that the US will become a major garment producer due to high labour costs, policies encouraging reshoring could impact import patterns.

Heightened scrutiny on human rights: A Trump administration might continue or even intensify scrutiny of China's human rights practices, leading to stricter regulations on imports from the country.

This could further pressure US companies to pivot away from Chinese suppliers.

However, there are challenges for emerging exporters in Asia.

While countries like Vietnam, Bangladesh, India, and Cambodia have successfully increased their market share, they face several challenges in maintaining and expanding their foothold, which include infrastructure limitations, geopolitical risks, compliance costs, etc.

The decline in US garment imports from China marks a pivotal shift in global trade dynamics, driven by geopolitical tensions, human rights concerns, and economic factors.

While this has created opportunities for other Asian countries, the road ahead is fraught with challenges, from infrastructure bottlenecks to compliance pressures.

For now, Vietnam, Bangladesh, India, and Cambodia are reaping the benefits of this transition, showcasing the importance of adaptability and resilience in navigating the complexities of global trade.

Source: timesofoman.com– Dec 09, 2024

HOME

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Cotton yarn prices stable in north India amid average demand

North India's cotton yarn trade has noticed average demand amid weakness in the natural fibre. Cotton yarn prices have steadied in Delhi and Ludhiana markets. However, cotton prices have eased by ₹20-30 per maund of 37.2 kg. Market experts stated that cotton prices eased after a fall in ICE cotton and higher arrivals in north India. Yet, yarn prices did not follow this trend, as mills are trying to maintain cotton price levels. A trader mentioned that mills are claiming very strong demand, but this is not reflected in yarn prices. Meanwhile, the recycled yarn trade has seen very weak demand in the home furnishing value chain. The higher prices of recycled yarn are discouraging for the industry in the current bearish market. Slow demand may lead to a fall in prices of recycled yarn.

The Ludhiana market witnessed average demand for cotton yarn from the consumer industry. Cotton yarn prices did not see significant movement. A trader from the Ludhiana market told Fibre2Fashion, “Domestic cotton was traded lower due to weakness in ICE. However, this trend was not reflected in cotton yarn prices. Stability in cotton yarn prices was not due to better demand, but spinners are trying to hold prices.”

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 witnessed steadiness in cotton yarn demand. According to market sources, spinning mills are claiming a very strong demand for cotton yarn. However, this is not the case in the current scenario. The Indian industry is facing slow buying from Bangladesh.

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.

India's home textile hub, Panipat, saw weak demand for recycled yarn. Traders said that if demand from the domestic industry does not improve, its prices may fall in the coming days. Higher prices of recycled polyester fibre are also discouraging the consumer industry. Traders said that falling temperatures could improve demand for winter garments and blankets. However, heavy stock may continue to dampen market sentiments.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹78-82 (approximately $0.92-0.97) per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹53-56 (approximately $0.63-0.66) per kg, 20s recycled PC yarn (Grey) at ₹96-102 (approximately 1.14-1.21) per kg and 30s recycled PC yarn (Grey) at ₹130-135 (approximately $1.53-1.59) per kg. Cotton comber prices were noted at ₹100-102 (approximately $1.18-1.20) per kg. Recycled polyester fibre (PET bottle fibre) noted at ₹80-82 (approximately $0.95-0.97) per kg today.

In north India, cotton prices lost ₹20-30 per maund of 37.2 kg as the market took cues from weaker ICE cotton. Rising arrivals of the natural fibre are also a negative factor for the market. North India's cotton prices are unable to find support from procurement by the Cotton Corporation of India (CCI) as it has limited buying in the region. A trader stated that CCI is procuring cotton mainly in southern and western states. North India has limited production of cotton. Cotton prices slipped as mills are cautious about fresh buying of the natural fibre.

North India's cotton arrival was 20,000 bales of 170 kg, comprising 1,000 bales in Punjab, 6,000 bales in Haryana, 6,000 bales in upper Rajasthan, and 7,000 bales in lower Rajasthan. Cotton prices in Punjab ranged from ₹5,590 to ₹5,610 (approximately $65.97-66.21) per maund of 37.2 kg, while in Haryana, prices ranged from ₹5,580 to ₹5,590 (approximately $65.85-65.97). In upper Rajasthan, cotton was priced between ₹5,590-₹5,610 (approximately $65.97-66.21) per maund. In lower Rajasthan, it was priced at ₹53,300 to ₹54,300 (approximately $629.04-640.84) per candy of 356 kg, while seed cotton was priced at ₹7,100-7,500 (approximately $83.79-88.51) per quintal of 100 kg.

Source: fibre2fashion.com– Dec 09, 2024

HOME

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Ludhiana: 30% plunge in state's textile exports, Rajya Sabha informed

The textile exports from Punjab has recorded a 30% plunge in three years, Union minister of state for textiles Pabitra Margherita informed Rajya Sabha (RS), triggering MP Sanjeev Arora from Ludhiana to flag the concern on Monday. The Rajya Sabha MP sought clarity on the steps being taken to arrest the fall.

As Punjab's textile exports continue their downward trajectory, industry stakeholders are calling for stronger policy interventions and state-level strategies to reverse the decline as the issue has become a critical concern for a sector that is vital to the state's economy and livelihoods, he observed.

Presenting provisional data, Margherita revealed that Punjab's textile exports (including apparel and handicrafts) have dropped sharply over the last three years. Exports amounted to 2,111.5 million USD in FY 2021-22 but plunged to 1,502.2 million USD in FY 2022-23 and further to 1,500.4 million USD in FY 2023-24, indicating a decline of nearly 30% over three years.

Arora expressed concern over the sustained reduction, pointing out the potential implications for Punjab's economy, particularly its employment and manufacturing sectors. He questioned the government on its efforts to diversify export markets for textiles in light of changing global trade dynamics and increased competition from countries – including Bangladesh and Vietnam.

The MP also underscored the importance of investing in advanced textile technology and workforce skill development to rejuvenate the industry. He emphasised the need to innovate and align with international standards to regain Punjab's standing in global markets.

In response, the minister outlined ongoing initiatives aimed at boosting the textile sector. "Skilling programmes under the Samarth Scheme, a part of the National Skill Qualification Framework, have benefitted approximately 800 individuals in Punjab since April 2021. Export incentives like the Rebate of State and Central Taxes and Levies (RoSCTL) and Remission of Duties and Taxes on Exported Products (RoDTEP) are being implemented to enhance competitiveness. Infrastructure projects, including the PM Mega Integrated Textile Regions and Apparel (PM MITRA) Parks Scheme and Production Linked Incentive (PLI) Scheme, aim to promote large-scale manufacturing," the minister stated.

Arora also pointed to the need for aggressive marketing strategies and collaborations to open new markets for Punjab's textile exports in regions like West Asia, Southeast Asia and Africa.

Source: hindustantimes.com– Dec 10, 2024

HOME

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