IBTEX No. 194 of 2024 December 13, 2024

Currency Watch			
USD	EUR	GBP	JPY
84.87	88.78	107.45	0.55

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INTERNATIONAL NEWS

Threads of Change: America's Chance to Lead the Global Circular Economy

The U.S. is the largest consumer of fashion in the world, and the largest used clothing exporter.

This is both a challenge and an opportunity, because it means we have the majority of the feedstock for clothing recycling in the world. If we don't capture this next wave of the Industrial Revolution, someone else will.

President-elect Donald Trump's promises for new tariffs, coming on top of the current administration's executive order aimed at de minimis tax loophole reform, makes clear that both sides of the aisle are serious about re-prioritizing domestic business and manufacturing. But if the U.S. doesn't think strategically about how additional funds can be utilized to spur domestic business, we risk making the cost of goods more expensive while falling even further behind in terms of domestic manufacturing competitiveness.

To answer this inevitable risk, we offer a solution: to redirect some of those billions in additional funds from increased tariffs and de minimis reform to the U.S. circular textile industry. This is a crucial window of opportunity to support U.S. jobs, supply chains, and national security.

The next wave of innovation in manufacturing will be around maximizing the value of the resources already in circulation. Any major economy that ignores this fact will face supply chain issues, threats to national security, and will ultimately fail to capture a huge economic advantage.

In fact, I recently learned that if the U.S. went to war today, it would take us three years to ramp up to the capacity needed to uniform our defense forces. This isn't a challenge, it's a problem.

While lowering or removing the de minimis tax exemption may temporarily slow the flow of billions of dollars of cheap, duty-free goods through U.S. ports, foreign companies are likely to find a way around tariffs and pass the costs on to customers.

Further, closing the de minimis loophole won't be enough to address the root of the problem. American retailers, brands and producers—particularly those in the apparel and footwear industry—can't compete with the manufacturing prowess of foreign entities, particularly those in Asia based on a variety of market forces like lax environmental and workforce standards. And they certainly cannot make the majority of products in the U.S. and stay competitive. In the days after Trump was elected, retailer Steve Madden said it would produce fewer goods in China to avoid potential tariffs, but, unsurprisingly, it will focus its manufacturing efforts in Cambodia, Vietnam, Mexico, and Brazil, not the U.S.

Tariffs are a blunt tool that treats the symptom rather than the disease: we've given away all our manufacturing capabilities in exchange for cheap goods.

Tariffs will raise the cost of goods for American consumers and raw materials for domestic manufacturers. As with any stick, a carrot is also needed. De minimis reform is what some might call a once-in-a-lifetime opportunity to redirect funds and inject tens of billions of dollars into U.S. manufacturers and circular textile organizations—the companies who are leading the charge to keep and bring domestic jobs back to our sector. Those funds could address the issue of U.S. competitiveness and fuel a manufacturing renaissance that is already occurring in other parts of the world.

By investing in the nascent circular fashion and textile economy, we have a rare but narrow opportunity to lead the world in manufacturing once again. Textiles were left out of both the Inflation Reduction Act and the Infrastructure Investment and Jobs Act. It would be a failed opportunity for the U.S. to not earmark substantial funds for circular textiles, the next era of industrial manufacturing.

Source: sourcingjournal.com– Dec 12, 2024

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China's exports rise 6.7% YoY to $3.2 trn in Jan-Nov 2024

China’s exports increased 6.7 per cent year on year (YoY) during the first 11 months (January-November) of 2024 to 23.04 trillion yuan (~$3.2 trillion), while imports went up 2.4 per cent YoY to reach 16.75 trillion yuan (~$2.3 trillion), as per data from the General Administration of Customs (GAC).

In terms of yuan, the country’s total goods imports and exports rose 4.9 per cent YoY in the 11-month period. The goods trade volume increased to 39.79 trillion yuan, or 5.6 trillion in US dollar terms in this period, as per data from GAC.

In October, China's total goods imports and exports had expanded by 4.6 per cent YoY in yuan terms compared to a 0.7-per cent YoY increase recorded in September, according to the GAC.

The total value of China’s imports and exports were $5.07 trillion—an increase of 3.7 per cent YoY in the first 10 months of this year. Exports value reached $2.93 trillion—a rise of 5.1 per cent YoY; imports totalled $2.14 trillion—an increase of 1.7 per cent YoY.

Source: fibre2fashion.com– Dec 12, 2024

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Mexican Manufacturers Unfazed by Trump's Tariff Threats at Nearshoring Event

Dallas Market Center debuted the Nearshoring America Expo this week. Connecting manufacturers and distributors in one location, the first-of-its-kind event featured an invitation-only showcase of factories, shelter companies, and supply chain providers chosen for their proven track record and ability to support U.S. importers. Enterprises including sourcing agents, trading companies and design and production consultants were also represented.

"This is a curated show of factories and service providers selected based on their history, operating experience and delivery in key categories including apparel, fashion accessories, footwear, residential and commercial lighting, home furnishings, and gifts," said Cindy Morris, Dallas Market Center president and CEO. "Our team traveled extensively in Latin America and built a network of local agents to help identify qualified exhibitors. We also created partnerships with key trade associations."

Dallas Market Center's decision to launch the Nearshoring America Expo was made well in advance of the 2024 U.S. election results. Since then, President-elect Donald Trump's threats of tariffs against Mexico and the BRICS countries, including Brazil, have added a layer of uncertainty to global trade. Nevertheless, Morris said she remains confident that creating an event that educates and inspires will be successful as importers think about long-term opportunities.

While the shift to sourcing in Asia was largely motivated by price, she said the "brands we serve want to save time, take uncertainty out of the supply chain, and look to Latin America for quality goods delivered efficiently."

Morris said many of Dallas Market Center's exhibitors are either already producing in Latin America or are eager to explore the capabilities. She noted that she's seeing "remarkable quality and production ramping up in Latin America."

She added that many leading companies from several industries have encouraged a juried event in Dallas given recent challenges to overseas production and interrupted supply chains. "They requested the event be created by the industry for the industry," she said. "They also understand our commitment to supporting more efficient trade; our unique access to brands, factories, and service providers as well as our long-standing relationships with them; our purpose-built marketplace infrastructure and operations; our geographic advantages for easy travel; and our safety and controlled access for both attendees and exhibitors."

Morris said efforts are starting to pay off, and Dallas Market Center is already planning for a second event on Dec. 8-10, 2025.

Several exhibitors said they hope the event creates opportunities for steady streams of business in the U.S., including Jose Antonio Rocha, owner of Oliansa, a León, Guanajuato-based leather footwear factory that produces men's and women's shoes for H.H. Brown. The factory currently operates at approximately half of its capacity, producing 2,000-2,500 pairs of shoes a week. Rocha launched a house brand called Unmarked one year ago as a secondary business.

The uncertainty surrounding Trump's tariff policies and their potential impact on U.S. brands' sourcing strategies looms large. Rocha highlighted the unknowns, noting that while nearshoring offers advantages like greater flexibility, shorter lead times, and improved communication, it remains unclear whether these benefits will offset the potential cost rise. On the other hand, Rocha suggested that Trump's stance on escalating pressure against China could ultimately tilt the balance in Mexico's favor.

Exhibitors of footwear and leather accessories from Mexico pointed out the irony of preparing for a nearshoring event just as Trump was using Truth Social to announce his intention to impose 25 percent tariffs on all products from Mexico. Despite this, many remained optimistic, choosing to move forward with their plans, as they remain skeptical that the proposed tariffs will come to fruition.

"It's a weird market to be in at the moment," said Azael Morales Jr., creative director of Jaac Arnold, a leather handbag and accessories manufacturer with factories in Mexico and Los Angeles. The company specializes in hand-tooled leather bags, belts and hat accessories, and produces white-label products for Stetson and Ariat.

"Cowboy culture is influencing high fashion and demand is growing outside the traditional Western regions," he said. While it's an ideal time to expand its wholesale and white-label business, Morales Jr. remains mindful of the need to keep costs low in anticipation of the tariffs proposed by Trump.

Western Leather Goods, a boot manufacturer with factories in Texas and Mexico, is seeing the benefits of Western exploding in pop culture. Ryan Vaughn, president and CEO, said Western's influence in music and television is generating new business for its family of brands including Olathe Boot Co., Anderson Bean, Rios of Mercedes, Macie Bean and Horse Power. While most of the growth is at entry-level price points, Vaughn said the trend has a wider positive effect on the category, evident in Cavender's growth and Boot Barn expanding outside traditional territories.

Vaughn said he isn't intimidated by Trump's tariff threats and believes a "more even and fair playing field" can be achieved. "If Trump puts a 10 percent tariff on all goods from Mexico, we'll have to absorb some of the cost—distribute and absorb—but it will also make my boots made in the U.S. more attractive," he said.

"We can prepare for duties by working on better costs and by developing value products for customers," said Gabriel Marquez, a representative of Michael Alle, a León-based leather jacket manufacturer.

Michael Alle produces 7,000 units per month at its strategically located factory in the heart of Mexico's leather cluster. Its core business is leather and wool varsity jackets and lamb leather jackets, though Marquez said it is growing the wool and waxed canvas assortment to meet demand. The company exports 80-90 percent of its production to large U.S. brands. It also sells a house label, Lastwolf, in the U.S. and Canada.

While Marquez believes there are "mechanisms" that would prevent the U.S. from slapping Mexico with sweeping tariffs, he said the ongoing issues between U.S. and China may present new opportunities for other sourcing countries. Other countries, he added, cannot compete with Michael Alle's level of craftsmanship, leather expertise and sustainable practices.

Offering unique products is one of the ways Mexican companies are differentiating themselves in the global market.

Biomaterial manufacturer Desserto presented cactus leather and agave-based materials manufactured in Mexico and Italy alongside its new venture into finished goods. The Mexico City-based company is working with a network of domestic factories to produce bags, footwear, phone cases and more with its sustainable materials. While alternative leathers are still new to the Mexican market, Esteban Eduardo Lupio, a sales executive for Desserto, said there's opportunity in the U.S. as more companies are looking for ways to minimize their environmental impact.

Cesar Aguilera, founder of the handbag manufacturing company Raiz, doubts that tariffs will affect his business as his products cater to high-end brands that put quality before cost. Specializing in handbags made with leather, seagrass, jute and leather alternatives, one bag takes 10 hours to complete by hand.

"We're not in competition with Asia," he said. "We have higher levels of quality and craftsmanship."

Others call bluff on Trump's plans.

Arnoldo Avelar Contreras, CEO and founder of Jaac Arnold, likened Trump's tariff tirades to a scare tactic, adding that duties would ultimately hurt business in the U.S.

"I believe we'll come to an agreement," said Jose María Junco Lucio, Unicco Belts commercial director. Approximately 80 percent of the Mexican leather accessories company's business is domestic or in Latin America. He attended the show to get reacquainted with the U.S. market after losing that segment of business during the pandemic.

Driven by the growing demand for pet products in the U.S. market, Leticia Olmedo, founder of Zatopet, a pet accessories manufacturer with factories in Moroleón and León, Mexico, is considering expanding her operations into the U.S. to help revitalize the American textile industry. Olmedo believes that doing business under President Trump's administration could be more favorable, citing his business acumen and transactional approach to trade.

"When push comes to shove, Trump won't do anything that damages business relations," she said.

Source: sourcingjournal.com– Dec 12, 2024

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Sustainability and New Technologies Drive the Denim Market

The search for new technologies and sustainable processes in manufacturing doesn't seem to stop. For the denim mills, manufacturers and laundries gathered at the two-day trade show Denim Première Vision, it seems it's the only way to deal with the downturn of volumes and sales of the current year.

Held in Milan at the Superstudio Più in the Tortona district, the fair welcomed 2,160 visitors and 71 exhibitors from 14 countries. This year, students from fashion and artisanal schools of the territory attended the fair as visitors and exhibitors. The Milan-based Botticino School of Restoration, one of the top schools for restoration at a national level, displayed a laboratory at the entrance of the trade show and held a talk about how women have revolutionized trends in fashion.

The conferences, all packed to capacity, comprised seven talks, including one on the Middle East market and 16 so-called pitches, a new format to help companies present their innovations of the year.

The restoration laboratory of the Botticino School of Restoration at Denim Première Vision.

Exhibitors presented their Spring/Summer 2026 collections spotlighting trends and discussing the challenges and expectations for 2025.

"There's no visibility on the market. It's very difficult for vendors to plan ahead and foresee how the business is going to look next year. According to the fabrics requests from retailers we can only tell that, at least for the first months of 2025, the trend won't change much," said the trade show's director Fabio Adami Dalla Val.

Andrea Venier, chief executive officer of laundry Officina 39, said the year is closing in line with the budget expectations and that since June 2023 the company has launched new technologies in order to remain competitive in the market and to protect its profitability. Talking about the markets, he said, "We are consolidating the markets in Asia, mainly in Bangladesh. Also there is growth in Pakistan and in the Mediterranean area in countries like Egypt and Tunisia."

The main news for the upcoming year is the expansion in two big and “difficult” markets, as defined by Vernier, such as Brazil and India. Local production will lead the business in the former market while the latter will be led by a partner of Officina.

“Since Brazil is a complex market, we have entrusted the lead to a local person with whom we will have direct communication, while in India from January there will be a partner who will act as a local distributor,” stated Venier.

Tommaso Cumerlato, chief commercial officer of MIC, the textiles company that produces threads and yarns for the fashion industry, believes it will be possible to see a slight recovery in 2025 and that its position in different segments of the supply chain, including knitwear, allows MIC to be steady and not dependent on a single market. Its main market is the Mediterranean basin and Egypt.

The signs of a desired recovery were seen in the collections presented through colors and techniques but mainly on the silhouettes.

Julieta Mercerat, Première Vision’s denim expert, shared that the collections for Spring/Summer 2026 are expected to be bold, with big volume silhouettes. Also, the artisanal techniques for aging denim and vintage looks, identified as one of the trends, are being fine-tuned, making the garments increasingly luxurious.

“I also noticed that the industry is looking for refreshing looks like cold blues for summer inspired by winter landscapes [and] the different use of blue and indigo as statement colors and not classical and a dark color palette for summer,” said Mercerat.

At Isko, the collection, entirely made of high-quality next-gen fibers powered by the start-up company Re&Up, focused on three main elements: design, garment finishes and comfort.

The multitouch technology enhanced the versatility of the material creating different styles, from wide-leg to balloon and flare and 3D effects, like whiskers and cracked looks. Vintage-inspired looks were realized by washable finishes that amplify texture, contrast and shine featuring coatings like oxi and proxy and matrix resin-wash effects. Comfort is obtained by a dual-stretch weave between knit fabrics and woven denim.

Marco Lucietti, director of strategic projects at Isko, said "by combining recycled fibers with advanced fabric technologies, we're proving that it's possible to create high-performance, fashionable denim that is kind to the planet. This is just the beginning of what we can achieve through circular fashion."

Creative director Paolo Gnutti of Isko Luxury by PG presented the company's first jacquard collection, which included 10 exclusive jacquard fabrics. Dubbed "Born to Amaze," it paid homage to different eras, styles and materials. Like "Godmather," a capsule inspired by the '50s, featuring lightweight indigo fabrics adorned with glitter stripes and flock or "tattoo denim" in which indigo, white, or sulfur-dyed colored base fabrics are decorated with mixed-printing techniques such as corrosion, pigments and more.

Italian garment finishing technology company Tonello bowed its "laser manifesto" collection, which celebrates Italy's artistic and cultural heritage. Statues and sculptures, paintings and frescoes were designed on the garments thanks to the Laser Lab, on display at the stand and Tonello's most compact laser with easy plug-and-play installation, launched in 2021. The laser finishing speeds the process of finishing and reduce water, energy and harmful chemicals consumption.

The denim manufacturer Les Mains Bleues, which operates within Li & Fung, the giant in global supply chain solutions, was founded in 2023 and has made the data-driven design and sustainable technologies its strength. With design teams in eight locations like London, Australia and India and product development specialist teams in every production country such as Mexico, Pakistan and the U.S., among others, the company harvests data from runways, e-commerce websites and social media.

For their Spring/Summer 2026 collection, LMB presented vintage workwear made with textures like denim jacquard, canvas and a lineup of denim washes in blue, gray and black.

In terms of sustainability, textile and fashion companies are preparing themselves to be ready for the mandatory extended producer responsibility schemes set by the European Commission, which will enter into effect in 2028.

Officina 39 displayed three new responsible chemical innovations. There was the "Zero PP," a technique that creates vintage and worn effects on denim without the use of potassium permanganate; the "deterpal bluecast" prevents post-bleaching yellowing and graying by improving the blueish cast of denim through detergent, washing-off and oxidizing properties, and finally, the marvel coating gives denim and other fabrics distinctive effects from the cracked, vintage and draping.

Another highlight is the partnership with Isko Luxury by PG and Gnutti, which showcases Easyindigo — the indigo-dyeing chemical package free from hydrosulphite and caustic soda — applied to flocked fabrics for a distinctive and environmentally responsible aesthetic.

By using AI tools on the production and laser design, LMB plans to lower water and energy consumption on the production by 50 percent and achieve the EIM 100 percent green score by 2026. Click here for more details

Source: sourcingjournal.com– Dec 11, 2024

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China's textile and apparel sector dominates the global market

As the second China International Supply Chain Expo (CISCE) unfolds in Beijing, the spotlight shines on China's textile and apparel sector, a critical pillar of the nation's robust supply chain network and a major contributor to the global economy.

China has solidified its position as a dominant force in the textile and apparel industry, boasting the world's largest production capacity and export volume. This success is due to several factors.

• Scale: China's textile industry leads with over 40 per cent of the world's 500 major industrial products, holding the top spot in global manufacturing for 14 consecutive years. This massive scale translates into competitive pricing and a vast array of product offerings.

• Supporting systems: Over the years, China has created a comprehensive supporting ecosystem for the textile industry, which encompasses raw material production, textile machinery manufacturing, and efficient logistics networks. This integrated approach streamlines production processes and enhances overall efficiency.

• Technological advancement: The industry is increasingly embracing automation and advanced manufacturing technologies to improve productivity and product quality. Investments in research and development are driving innovation in areas like sustainable textile production and smart manufacturing.

Despite facing challenges such as rising labor costs and increasing competition from other low cost countries, China's textile and apparel sector has shown resilience and adaptability. The industry is actively pursuing strategies to maintain its competitive edge.

The sector has shifted focus to higher-value products, moving away from basic garments, like functional apparel and fashion-forward designs. With growing demand for eco-friendly products, the industry is also investing in sustainable practices, such as recycled materials and reducing water and energy consumption. Also, Chinese textile and apparel companies are actively developing their own brands to enhance their global recognition and capture a larger share of the value chain.

Table: China's market share

Metric	Value	Source
Global textile and apparel market share	31.6% (2023)	Sheng Lu Fashion
Total value of textile and apparel exports	$164 billion (2023)	Sheng Lu Fashion
Domestic consumption of textile and apparel production	70-80%	Sheng Lu Fashion
Number of R&D projects in the textile and apparel sector	Over 10,000 (2022)	Statista

China's commitment to further integrating its textile and apparel sector into the global supply chain is evident. The CISCE serves as a platform to showcase the industry's strengths, foster international collaborations, and explore new opportunities for growth. As the world becomes increasingly interconnected, China's textile and apparel sector is poised to remain a vital thread in the fabric of the global economy.

Source: fashionatingworld.com– Dec 12, 2024

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US retail sales show moderate growth in November: NRF

US' retail sales growth continued at a moderate pace in November, according to the latest CNBC/NRF Retail Monitor, powered by Affinity Solutions, released by the National Retail Federation. Despite two of the holiday season's busiest shopping days extending into December and not being included in the month's totals, a slight increase in the sales was observed. Total retail sales, excluding automobiles and gasoline, saw a 0.15 per cent increase month over month (MoM) seasonally adjusted, and a 2.35 per cent rise year over year (YoY) unadjusted in November. This was a slowdown compared to October's growth, which stood at 0.74 per cent MoM and 4.13 per cent YoY.

Core retail sales, excluding restaurants, automobile dealers, and gasoline stations, decreased by 0.19 per cent MoM in November but increased by 1.43 per cent YoY. This was a decline compared to October's growth of 0.83 per cent MoM and 4.59 per cent YoY. Monthly sales saw growth in just two categories, with online and other non-store sales up by 1.32 per cent MoM seasonally adjusted and a significant 21.48 per cent YoY unadjusted.

Clothing and accessories stores experienced a slight decline of 0.18 per cent MoM seasonally adjusted but saw a 4.21 per cent increase YoY unadjusted. General merchandise stores were down by 0.05 per cent MoM seasonally adjusted, though sales rose by 2.01 per cent YoY unadjusted. For the first 11 months of 2024, total retail sales increased by 2.15 per cent YoY, while core sales rose by 2.33 per cent. The NRF has forecast that retail sales during the November-December holiday season will grow between 2.5 per cent and 3.5 per cent over 2023.

"November sales increased on top of a strong October and would have been even higher if Thanksgiving Sunday and Cyber Monday hadn't fallen in December. "Year-over-year gains were solid even as retail prices in many categories are lower this year, showing that consumers are buying more merchandise as the economy continues to grow. We remain confident in our holiday forecast," NRF president and CEO Matthew Shay said.

Source: fibre2fashion.com– Dec 12, 2024

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New EU customs regulations could impact sourcing operations

A new report by Source Fashion and Insider Trends, recent changes to EU customs regulations could significantly impact sourcing operations for UK retailers.

The report, titled 'The State of Sourcing Report: Sourcing and Sustainability in 2025', is based on a survey of UK retailers of all sizes. It provides insights into current sourcing practices and sustainability trends in the retail industry. The report also includes data tables, quotes, and case studies from industry leaders.
Sourcing practices

• The majority of UK retailers (74 per cent) source internationally.

• China is the most popular sourcing region (49 per cent), followed by the UK (42 per cent), India (37 per cent), and Western Europe (33 per cent).

• Cost of production is the primary reason for choosing sourcing regions (46 per cent of respondents).

• Smaller companies are more likely to source from closer regions due to various factors like preference, shorter lead times, or barriers to sourcing from further afield.

The report highlights that in February 2024, the EU removed customs duty exemption for goods valued at less than €150. This change could potentially affect 2.3 billion items that were previously imported duty-free into the EU in 2023. The report suggests the new regulations could shift sourcing operations away from China towards other regions.

While China remains attractive for its established production capabilities and supply chains, pressures on the country might make it less appealing. India, with its growing importance as a sourcing region, could be a potential alternative. The report includes case studies of companies like ASOS, Boohoo, and Asda's George fashion range, which have faced scrutiny over their sustainability claims. These cases highlight the need for clear guidance and collaboration within the industry to tackle sustainability challenges effectively.

The new EU customs regulations could have a significant impact on sourcing operations for UK retailers. The report recommends that retailers adopt a more agile approach to their supply chains and consider diversifying their sourcing regions. It also emphasizes the need for industry collaboration and clear guidance on sustainability practices.

Source: fashionatingworld.com– Dec 12, 2024

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Germany's inflation rises 2.2% YoY in Nov 2024, falls 0.2% MoM

Germany's country's inflation rate increased again as the consumer price index (CPI) rose 2.2 per cent year-over-year (YoY) in November 2024, after having remained below the two-per cent mark for two months (September 2024: +1.6 per cent; August 2024: +1.9 per cent). CPI, however, fell by 0.2 per cent in November, compared with October 2024. The clothing and footwear prices increased by 0.6 per cent month-over-month (MoM) in November, as per the Federal Statistical Office (Destatis).

The prices of goods (total) were up 0.7 per cent YoY in November 2024. The increase in prices for non-durable consumer goods was +0.8 per cent, larger than prices for durable consumer goods which was +0.5 per cent.

The development of energy prices again had a dampening effect on the inflation rate in November, but the effect was less pronounced than in the previous months, said Destatis in a press release.

The prices of energy products in November 2024 were 3.7 per cent lower compared with the same month a year earlier. Following a drop of 5.5 per cent in October and a 7.6 per cent drop in September 2024, the decline in prices has therefore continued to slow. Motor fuel prices were down -6.6 per cent YoY in November 2024.

Excluding energy prices, the inflation rate stood at +2.9 per cent in November 2024. The inflation rate excluding food and energy, often referred to as core inflation, was +3.0 per cent in November 2024. Both rates have notably exceeded overall inflation since January 2024, thereby demonstrating that inflation was above average in other important product groups, said the press release.

Source: fibre2fashion.com– Dec 12, 2024

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From Zara to Nike, H&M, and Levi’s, garment makers feel the heat under EU sustainability laws

Workers in some of the world's biggest garment manufacturing hubs in Bangladesh, Vietnam, and Pakistan are increasingly exposed to extreme heat as climate change pushes temperatures up, a report found on Sunday, a problem multinational retailers and brands will have to help address.

New European Union regulations make retailers selling in the bloc, like Inditex, H&M and Nike, legally liable for conditions at their suppliers, putting pressure on them to help fund improvements to cool factories they source from.

In Dhaka, Hanoi, Ho Chi Minh City, Phnom Penh and Karachi, the number of days with "wet-bulb" temperatures - a measurement that accounts for air temperature as well as humidity - above 30.5 degrees Celsius jumped by 42% in 2020-2024 compared to 2005-2009, researchers at Cornell University's Global Labor Institute found.

Above that threshold, the International Labor Organisation recommends as much rest as work in any given hour to maintain safe core body temperature levels.

The report identified only three retailers - Nike, Levi's, and VF Corp - which specifically include protocols to protect workers from heat exhaustion in their supplier codes of conduct.

COMPANIES WARNED

"We've been talking to brands for ages now about this issue, and they're only now starting to turn their attention to it," Jason Judd, executive director at Cornell University's Global Labor Institute, told Reuters.

"If a brand or retailer knows that temperatures in a production area are excessively high or doing damage to worker health, then they're obligated under this new set of rules to do something about it," he added.

The EU Corporate Sustainability Due Diligence Directive came into force in July and will start applying to large companies from mid-2027.

Fixes to cool factories could include better ventilation and water evaporative cooling systems, instead of energy-intensive and expensive air conditioning that would increase manufacturers' carbon emissions.

Some factory owners would likely be willing to make such investments themselves, given how heat stress significantly impacts productivity, Judd said, but the EU rules highlight brands' responsibility to address the issue too.

The report also urged retailers and brands to invest in higher wages and health protections so that workers can manage the risk of missing work days due to heatwaves.

Extreme heat and flooding could erase $65 billion in apparel export earnings from Bangladesh, Cambodia, Pakistan and Vietnam by 2030, research from asset manager Schroders and the Global Labor Institute found last year.

Source: economictimes.com– Dec 09, 2024

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Global sustainability shift: a push for Vietnam's garment industry

From California's SB 707 law mandating producer responsibility for textile waste, to the European Union's stringent Extended Producer Responsibility (EPR) programmes, stakeholders across the supply chain are grappling with new environmental and social benchmarks.

Việt Nam, a major player in the global textile market, is navigating these changes, seeing them as a mix of challenges and opportunities.

"For Việt Nam, whose textile industry contributes 10 per cent of the nation's GDP and is the world's third-largest garment exporter, these regulations pose unique challenges," said Ph.D. Trương Văn Cẩm, Vice Chairman and General Secretary of Việt Nam Textile Apparel Association (VITAS).

"With approximately 60 per cent of raw materials still sourced from China, complying with traceability requirements and sustainable sourcing is daunting."

Chelsea Murtha, Senior Director of Sustainability at the American Apparel & Footwear Association (AAFA), highlights potential shifts in sourcing.

"Brands are now prioritising recyclable materials and rethinking assembly processes," she told Việt Nam News.

This push could favour countries that develop advanced textile recycling capabilities, putting Việt Nam in competition with geographically closer regions like Central America.

Việt Nam's reliance on imported raw materials, particularly from China, creates vulnerabilities, Cẩm said.

The US Uyghur Forced Labour Prevention Act has already disrupted imports linked to Xinjiang, pushing companies to ensure clear supply chains.

While there are emerging investments in cotton recycling facilities in Việt Nam, the nation still lags in large-scale textile-to-textile recycling, a critical capability for meeting international sustainability demands.

Cẩm added that with a significant proportion of labour focused on basic cut-and-sew operations, there is a need for upskilling to adapt to circular manufacturing processes.

Opportunities for growth

Despite these challenges, Việt Nam's garment and textile sector is well-positioned to adapt and thrive. Companies like Garment 10 Corporation have established a green factory which embraces solar energy and biomass-powered systems to meet international standards.

"The change in sources of energy helps the factory obtain the prestigious international renewable energy certificate I-REC, reducing the company's electricity costs. As a result, the company's products meet strict standards from major export markets such as the EU, the US and Japan," Nguyễn Thị Bích Thuỷ, Deputy General Director of Garment 10 Corporation said.

Its green factory initiative is a typical example of how Vietnamese firms can align with global sustainability trends. Việt Nam's participation in 16 foreign trade agreements (FTAs), including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Việt Nam - EU Free Trade Agreement (EVFTA), offers access to markets demanding sustainable products, said the general secretary of VITAS.

These agreements can also attract foreign investments to strengthen Việt Nam's domestic raw material production."With the return of US President-elect Donald Trump, Chinese commodities are expected to suffer from more tariffs. This is likely to cause Chinese producers in the garment industry to shift their factories to Việt Nam, helping the country strengthen material sources," Cẩm said.

Cẩm also stressed the importance of partnerships between government, brands and international organisations to build resilient supply chains and foster innovation. Murtha from AAFA echoes this sentiment, emphasising that countries adept at recycling and sustainable assembly will lead the garment industry in the future.

Source: vietnamnet.vn– Dec 13, 2024

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Vietnam's e-com sector to grow 18-20% in 2024: Govt

Vietnam’s business-to-consumer (B2C) e-commerce industry is expected to grow at 18-20 per cent this year, according to the country’s ministry of industry and trade. The domestic e-commerce market size is projected to exceed $25 billion in 2024.

The country’s e-commerce sector saw a growth of 25 per cent in 2023, with revenues worth $20.5 billion.

The cumulative state budget revenues from 116 foreign e-commerce suppliers who have registered, declared and paid taxes through the electronic portal designated for such providers have reached VND19.774 trillion (~$790.96 million).

The direct tax revenue collected through the electronic portal this year has reached VND 8.687 trillion (~$342.5 million)—an increase of 26 per cent compared to the same period last year, mainly from major e-commerce platforms like Google, Facebook, Microsoft, TikTok, Netflix and Apple, a domestic media outlet reported.

Over the last 11 months this year, organisations and individuals engaged in e-commerce activities paid approximately VND 108 trillion (~$4.26 billion) in taxes—a 22-per cent increase year on year.

Source: fibre2fashion.com– Dec 12, 2024

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Vietnam: Garment industry urged to gain self-sufficiency in raw materials for UK expansion

Việt Nam's garment and textile industry needs to develop a closed-loop supply chain with a focus on obtaining self-sufficiency in raw materials in order to meet the rules of origin under the UK – Việt Nam Free Trade Agreement (UKVFTA) for expanding exports to this market.

The garment and textile sector is doing well in taking advantage of 17 active free trade agreements (FTAs), including new generation trade deals such as the UKVFTA, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU – Việt Nam FTA (EVFTA), according to Vũ Đức Giang, chairman of the Việt Nam Textile and Apparel Association (Vitas).

However, there remains largely untapped potential.

The sector is poised to earn US$44 billion from exports this year, an increase of nearly 11.3 per cent over last year – an impressive result in a world with complicated and unpredictable developments including escalating conflicts, volatile oil prices and transportation costs, and slow global trade recovery, he said. The industry has set a goal of exporting up to $48 billion worth of products in 2025.

Aside from taking advantage of FTAs, Việt Nam's garment industry has effectively capitalised on the shift in export orders away from countries like China and Bangladesh, coupled with efforts to diversify markets and meet import market requirements, Giang said.

Việt Nam's garment and textile exports to the UK have seen improvements since the UKVFTA took effect in 2021 and have remained stable in the past few months, at $76.7 million in August, $52.5 million in September and $61.9 million in October, customs statistics showed. The country earned more than $622.8 million from garment and textile exports to the UK in the first 10 months of this year.

Still, Việt Nam holds a modest share in the UK's imported garment and textile market, which was estimated at more than $20 billion per year.

Under the trade deal, the UK has removed 42.5 per cent of the tariff lines starting in the beginning of 2021 and will eliminate the remaining tariffs in two, four or six years.

FTA ecosystem required

Ngô Chung Khanh, deputy director of the Multilateral Trade Policies Department under the Ministry of Industry and Trade, has pointed out five major problems in the garment and textile industry. One is the heavy dependence of imported raw materials, which is hindering the industry from taking further advantage of FTAs.

Another issue is that the industry mainly uses contract manufacturing, coupled with a shortage of capital, a lack of market information and failures in promoting brands for garment products.

The latest updates from the General Department of Customs showed that Việt Nam imported $22.82 billion worth of raw materials for the garment, textile and footwear industries in the first 10 months of this year, representing a strong increase of 44.2 per cent over the same period last year.

Imported materials were mostly fabric worth a total of $12.27 billion, up 14.7 per cent over the same period last year.

Notably, the raw materials were mainly imported from China, accounting for 51 per cent of imports.

According to the Ministry of Industry and Trade, domestic garment and textile producers are forced to import around 70 per cent of raw materials, as domestic supply sources remain limited and are unable to meet the demand in terms of quality.

The heavy dependence on imported raw materials significantly affects the development of the garment and textile industry, especially in meeting rules of origin under FTAs, including the UKVFTA, for sustainable export expansion.

Phạm Xuân Thủy, deputy director of the Tiến Thắng Garment Company in Đà Nẵng Province, said that Vietnamese-made fabric is not only expensive, but also fails to meet the quality requirements of foreign partners. Thus, domestic garment producers rely on imported sources to ensure quality and lower prices.

A report by the Ministry of Industry and Trade stated that the rules of origin under the UKVFTA for garments and textile products require two-stage criteria, meaning that the weaving stage and sewing stage for finished products must be carried out in Việt Nam or the UK.

This means that the fabric used for cutting and sewing must originate from Việt Nam or the UK – a significant challenge for the Vietnamese textile and garment industry, because the industry remains dependent on imported raw materials. To make up for this, Việt Nam can take advantage of the accumulation principle regarding the origin of fabric, meaning the country can use fabric from Korea, Japan, the EU or countries that have FTAs with the UK for cutting and sewing in Việt Nam.

However, in the long term, the UKVFTA's 'from fabric onwards' rules of origin combined with the CPTPP's 'from yarn onwards' will require the establishment of a closed production chain, with a focus on ensuring self-sufficiency in raw materials so that the industry can better exploit FTAs, the report said.

According to Khanh, the Ministry of Industry and Trade is enhancing cooperation with relevant ministries, agencies and associations to establish an FTA ecosystem that will create conditions for the garment and textile industry to effectively use FTAs.

“Most importantly, the FTA ecosystem for the garment and textile industry will help connect garment producers with raw material suppliers,” Khanh said.

Deputy Director of Đà Nẵng Department of Industry and Trade Đỗ Thị Quỳnh Trâm said that the FTA ecosystem should be completed early and put into practice with the active participation of enterprises.

In the strategy for development of the garment, textile and footwear industry through 2030, one bold solution is to promote the development of the supporting industry for garment production.

The Ministry of Industry and Trade said that large-scale industrial zones specialising in garment and textile production will be developed, which will facilitate the establishment of a closed-loop supply chain for the industry.

The foundation of a raw material centre for the garment and textile industry should also be accelerated along with measures to ensure its efficient operation, Trương Văn Cẩn, Vitas' general secretary, said.

To expand exports to the UK sustainably, garment producers also need to enhance production capacity and competitiveness by applying technology, automation, digital transformation and green production to meet market requirements.

Source: vietnamnews.vn– Dec 13, 2024

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India and EU aiming for a balanced, ambitious, comprehensive and mutually beneficial Free Trade Agreement: Piyush Goyal

The Union Minister of Commerce and Industry Shri Piyush Goyal interacted with Ambassadors of the European Commission delegation, Austria, Belgium, Bulgaria, Czech Republic, Estonia, Italy, Ireland, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Spain and Sweden.

The meeting was attended by Minister of State for Commerce and Industry Shri Jitin Prasada, Commerce Secretary, Secretary, DPIIT and other senior officials.

Talking about growing proximity and rising trade between India and the EU, Shri Goyal said that both sides are aiming for a balanced, ambitious, comprehensive and mutually beneficial Free Trade Agreement (FTA).

The FTA negotiations, after 9 rounds of intense engagement, need political directions to arrive at a commercially meaningful deal while understanding the sensitivities of each other.

The Minister further underlined that any sustainability discussions must appreciate the principle of Common But Differentiated Responsibility(CBDR) and implementation of such measures should take into account differing paths of development.

He added that the Indian economy is expected to grow at 7-8% annually to become the third largest economy in the world over the next few years. Thereafter, rapid and exponential growth would help India's GDP to reach the milestone of $35 Trillion by 2047.

Acknowledging the large and untapped economic potential, the European side underscored that both sides would gain tremendously by integrating the two economies and building resilience in their supply chains. The interaction also accorded an opportunity to discuss progress in the India-EU Trade and Technology Council. India is the only country, other than the United States, with which the EU has such a mechanism.

India's bilateral trade in goods with the EU was USD 137.41 billion in 2023-24, making it the largest trading partner of India for goods. In addition, the bilateral trade in services, in 2023, between India and the EU was estimated at US$ 51.45 billion.

The trade agreement with the EU would help India in further expanding and diversifying its exports of goods and services while securing the value chains. India is seeking to forge balanced agreements with major world economies to increase its market share in global trade.

Source: pib.gov.in– Dec 12, 2024

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India’s FDI Journey Hits $1 Trillion

India has achieved a remarkable milestone in its economic journey, with gross foreign direct investment (FDI) inflows reaching an impressive $1 trillion since April 2000. This landmark achievement was bolstered by a nearly 26% rise in FDI to $42.1 billion during the first half of the current fiscal year. Such growth reflects India’s growing appeal as a global investment destination, driven by a proactive policy framework, a dynamic business environment, and increasing international competitiveness.

FDI has played a transformative role in India’s development by providing substantial non-debt financial resources, fostering technology transfers, and creating employment opportunities. Initiatives like "Make in India," liberalised sectoral policies, and the Goods and Services Tax (GST) have enhanced investor confidence, while competitive labour costs and strategic incentives continue to attract multinational corporations.

Over the last decade (April 2014 to September 2024), total FDI inflows amounted to $709.84 billion, accounting for 68.69% of the overall FDI inflow in the past 24 years. This robust inflow of investments underscores India's pivotal role in shaping the global economic landscape.

Factors Driving the Change

India’s remarkable achievement in attracting foreign direct investment (FDI) can be attributed to a range of contributing factors:

Competitiveness and Innovation: India’s ranking in the World Competitive Index 2024 jumped three positions to 40th, from 43rd in 2021. Additionally, India was named as the 48th most innovative country among the top 50 nations, securing the 40th position out of 132 economies in the Global Innovation Index 2023, a significant improvement from its 81st position in 2015. These rankings highlight the country’s progress in enhancing its innovation ecosystem and competitive edge.

Global Investment Standing: India was the third largest recipient of greenfield projects with 1,008 greenfield project announcements, as per the World Investment Report 2023.

The number of international project finance deals in India also increased by 64%, making it the recipient of the second largest number of international project finance deals. These statistics underscore India's growing prominence on the global investment stage.

Improved Business Environment: India made remarkable progress in improving its business environment, climbing from 142nd in 2014 to 63rd in the World Bank's Doing Business Report (DBR) 2020, published in October 2019 before its discontinuation. This 79-rank jump over five years reflects the government's sustained efforts to simplify regulations, reduce bureaucratic hurdles, and create a more business-friendly environment, significantly boosting investor confidence.

Policy Reforms: To promote FDI, the government has put in place an investor friendly policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. Further, to simplify tax compliance for startups and foreign investors, the Income Tax Act, 1961 has been amended in 2024 to abolish angel tax and to reduce income tax rate chargeable on income of a foreign company.

Other Notable Developments

Conclusion

India's remarkable progress in attracting foreign direct investment is evident from the $42.1 billion inflows during the first half of the current fiscal year and the cumulative $1 trillion since April 2000. Factors like improved global competitiveness, a dynamic innovation ecosystem, and a business-friendly environment have been key drivers.

Initiatives such as "Make in India," liberalisation of sectoral policies, and recent policy changes, including greater FDI in the space sector, reflect the country's proactive approach. As India continues to align with global economic trends, it is well-positioned to further strengthen its role on the global stage, fostering sustainable growth and development.

Click here for more details

Source: pib.gov.in– Dec 12, 2024

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FTAs are legally valid in perpetuity and hence need detailing: Barthwal

Free Trade Agreements (FTAs) are legal documents valid in perpetuity so one needs to do a very detailed exercise while forging such pacts which could sometimes take a long time, Commerce Secretary Sunil Barthwal has said.

"FTAs are means of economic integration between countries and India looks forward to these pacts…As these are legal documents in perpetuity, you need to do a detailed exercise. Sometimes we feel why it (FTA negotiations) is taking time. But we have to see that interests are aligned with long term policy (of the government)," Barthwal said said at CII's Global Economic Policy Forum.

While India recently forged some FTAs quickly, which include a mini trade deal with Australia and a full-fledged comprehensive economic partnership agreement with the UAE, it is taking more time with partners such as the UK and the EU.

In fact, in order to avoid short sighted decisions while negotiating FTAs, the Commerce Department has worked standard operating procedure (SOP) documents which it will shortly finalise. The SOPs are meant to ensure that all India's short term and long term interests get covered adequately in its future free trade pacts.

Commenting on recent interactions with EU officials in Brussels on the ongoing FTA negotiations, Barthwal said that he conveyed that FTAs should not be looked at only from the legalists or regulatory practices point of view. It also needs to be looked at from the view of integration of value chains," he said.

Barthwal noted that developed countries seemed to be confused about the concept of migration and mobility. "We are not asking for migration, we are asking for mobility," he said.

He stressed the need to build a narrative that mobility was essential for growth of the services sector as a whole.

The Commerce Secretary also made a case for promoting Mutual Recognition Agreements, under which partner countries recognise services qualifications gained in each other's countries, to increase trade in services.

"There is a huge possibility of providing professional services and therefore MRAs are very important," he said.

Source: thehindubusinessline.com– Dec 12, 2024

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India's textile and apparel sector reported mixed results in H1 FY25 but challenges remain

The Indian textile and apparel sector, a significant contributor to the country's economy, recorded mixed performance in the first half of the fiscal year 2025 (H1 FY25). While certain segments exhibited robust growth, others faced challenges that impacted overall profitability.

Key performance indicators, as reflected by the Wazir Textile and Apparel indices, highlight the sector's positive trajectory.
Wazir Textile Index: A strong performance

The Wazir Textile Index, which tracks the performance of leading textile companies, recorded significant growth in H1 FY25 compared to the same period in the previous year. Key highlights include:

Sales surge: The sales index increased by 13 per cent, indicating robust demand for textile products both domestically and internationally.

Profit boost: The EBITDA index witnessed an impressive 43 per cent increase, signaling improved operational efficiency and cost management.

Consolidated growth: Consolidated sales of selected top textile companies grew by 8 per cent, while consolidated EBITDA improved by 1 percentage point.

The Wazir Apparel Index, which monitors the performance of leading apparel companies, also showed positive trends in H1 FY25. The sales index grew by 25 per cent, reflecting strong consumer demand for apparel products. The EBITDA index increased by 17 per cent%, indicating improved profitability despite rising input costs. Consolidated sales of selected top apparel companies grew by 25 per cent, while consolidated EBITDA remained relatively stable.

Considering the performance of all listed textile and apparel companies, the sector as a whole demonstrated solid growth in H1 FY25. Consolidated sales for all listed companies increased by 8 per cent compared to the same period last year. However, consolidated EBITDA declined by 1 per cent due to factors such as rising input costs and competitive pressures.

The positive performance of the textile and apparel sector in H1 FY25 was due to strong domestic demand. Robust domestic consumption, rising disposable incomes and changing consumer preferences, drove growth. Increasing global demand for Indian textiles and apparel, particularly in key markets like the US and Europe, too boosted export revenues. And government support, including schemes like the Production Linked Incentive (PLI) scheme, provided a significant boost to the sector. To add to it adoption of advanced technologies in manufacturing and supply chain management improved efficiency and reduced costs.

Outlook for the future

While the short-term outlook for the textile and apparel sector remains positive, certain challenges such as rising input costs, global economic uncertainties, and geopolitical tensions could impact future growth. However, the long-term growth prospects for the sector remain strong, driven by increasing domestic consumption, favorable government policies, and the potential for further export market penetration.

As the sector continues to evolve, companies that focus on innovation, sustainability, and brand building are likely to emerge as leaders. By adapting to changing consumer preferences and leveraging emerging technologies, the Indian textile and apparel industry can solidify its position as a global manufacturing and export hub.

Source: fashionatingworld.com– Dec 11, 2024

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'Should not be concerned much about imports as long as exports' grow'

India should not be overly concerned about imports as long as exports' share continues to grow, Commerce Secretary Sunil Barthwal said on Thursday.

He also said the world needs to avoid protectionism which creates more trade barriers and hinders movement of goods.

The secretary said that one needs to avoid the mercantilist approach and should not bother too much about trade balance and imports.

"Because if the Indian economy is growing at 7 per cent and if the world is growing at 3-3.5 per cent rate of growth then obviously India will be requiring more of consumption, more of imports and let me tell you that the role of imports in exports is also very very important," he said at a CII event.

Imports of raw materials and intermediate products are essential, he said.

"As long as we are able to improve our exports share, we should not be too much concerned about imports and that is what I feel that we need to avoid," he added.

Further, Barthwal said developed countries are confused about the concept of migration and mobility.

If Indians or Indian companies are setting up bases in other countries, then mobility of professionals needs to be ensured, he said.

"And that is our argument that we are not asking for migration, we are asking for mobility," he added.

In FTAs (free trade agreements), this is the point of negotiations with most of the developed world.

He emphasised on the need to build a narrative that mobility is essential for growth of the services sector as a whole including professional services.

"In fact it is also good for the developed world that they understand this concept of mobility and do not confuse it with the concept of migration."

He added that the globe should avoid taking protectionist measures and raising trade barriers.

The secretary called for more and more MRAs (mutual recognition agreements) to enhance services trade.

Under these agreements, two or more trading partners recognise each other's services, and qualifications for smooth movement of professionals like nurses.

"There is a huge possibility of providing professional services and therefore MRAs are very important ," he said adding there is a need to encourage services exports.

Source: business-standard.com– Dec 12, 2024

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India-UK free trade pact talks to resume by Jan-end

India and Britain will resume their talks on a free trade agreement by the end of January, an Indian government source told Reuters on Thursday.

The countries have held start-stop talks over the agreement for two years. British Prime Minister Keir Starmer's office had said last month that talks would be restarted in the "new year".

Source: economictimes.com– Dec 12, 2024

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Editorial. Careful execution key to PM Internship Scheme

The PM Internship Scheme (PMIS), announced in the FY25 Budget, is aimed at addressing the demand for a skilled workforce and reducing the large numbers of educated unemployed. There can be no denying the need for such a training scheme, given the scale of the issue at hand — low productivity of the existing workforce, poor skillsets of the 371 million youth (15-29 years) and the difficulties in making supply and demand 'meet' even where the skill sets exist, or can be raised with a bit of training.

PMIS' scope is ambitious, and rightly so. As a Standing Committee report of the Ministry of Corporate Affairs has noted, PMIS aims at providing internships to one crore youth over five years with an outlay of ₹63,000 crore (over ₹60,000 per candidate). PMIS has been conceived as a one-year skilling programme in PPP mode, with the Centre paying for 90 per cent of the monthly internship stipend of ₹5,000. While the company concerned will do the training, the Centre will screen the applications and match the candidates' suitability with the needs of the enrolled companies. For the pilot scheme that is in process, 280 companies have enrolled.

The scheme has identified 500 top companies, based on their average CSR spends over the last three years. The pilot has received over six lakh applications for over a lakh internship posts in 280 corporates (one aspirant can apply for multiple internships). The Centre will electronically match the applications with the skill sets required by the companies concerned, besides crucially also prioritising socio-economic inclusiveness. After this round of screening, the companies concerned can — or rather, should ideally be able to — pick the interns as they deem fit.

The macroeconomic context for the scheme is stark. According to the ILO's India Employment Report 2024, unemployment rate among youths in 2022 was six times greater for those who had completed secondary education or higher (18.4 per cent) and nine times higher for graduates (29.1 per cent) than for persons who could not read or write (3.4 per cent).

The skew becomes worse when gender, rural-urban gap and caste are taken into account. If these companies are able to successfully train lakhs of youth through PMIS, it would lift labour productivity and reduce unemployment.

The Standing Committee makes some important observations to improve the scheme. While collaboration with the top 500 corporates is good for a start, engagement with SMEs and start-ups would help. The panel suggests systems to monitor post-internship outcomes.

Industry bodies can be involved here so that all stakeholders benefit. But this should not translate into pressure tactics on companies to employ the interns. Nor should companies be forced to take as interns all those referred to them by the government. PMIS can work as a skills scheme, provided it does not bring back ‘inspector raj’ in the running of business. That would turn the clock back on over three decades of reforms.

Source: thehindubusinessline.com– Dec 12, 2024

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Inside Myntra's belief in Q-comm, and what its 2-hour delivery means for apparel retail

India's largest online apparel retailer recently launched M-Now in certain pockets of Bengaluru. While this is a quick commerce pilot, Myntra believes this will drive consumers to shop more.

"I will be happy to buy clothes from a channel if they are delivering in two hours. As long as I can exchange or return the products if needed, the faster delivery is more than welcome," says Drishya Mohan, a 32-year-old Bangalore-based professional.

In what can fit the bill for the likes of Mohan, India's largest online apparel retailer Myntra earlier this month launched a new service called M-Now. The new feature allows consumers to get their deliveries in as little as 30 minutes and is available for 10,000 styles across brands such as Levi's, Mango, ONLY, Metro Shoes, amongst others, and even premium brands such as Armani Exchange, Dyson, and Mokobara to name a few.

Myntra plans to expand this service beyond 100,000 styles in the next three-four months which will source the products from dark stores, micro warehouses, and even fashion brands' outlets, as reported by ET.

In FY24, Myntra posted profits of INR30.9 crore with revenues of INR5,173.7 crore.

Myntra's foray into the 30+ minutes delivery marks the dawn of instant gratification beyond just snacks, or beverages, or even cigarettes.

In August this year, Myntra's parent company Flipkart launched its own quick commerce platform Minutes. Meanwhile, e-commerce market leader Amazon is on its way to follow suit as well.

While Flipkart and Amazon can cut across all consumer categories, Myntra primarily deals in fashion only.

So, how will the launch of M-Now impact India's apparel market? Will it tweak buying behaviour of the customers?

Speed delivery

Sachin Taparia, CEO and founder of Local Circles, a leading community platform and citizen pulse aggregator, says, “There are two types of buying behaviour amongst consumers – planned and unplanned. Distress shopping comes under the latter. Quick commerce, especially for non-grocery products, is driven by the intent of the purchase and often is a distress-shopping activity.”

According to Taparia, if the consumer is not shopping under distress, chances are “they will buy the product where they can buy it at the least price, possibly with a free delivery.”

One of the primary issues that consumers had with non-grocery items being available on quick commerce platforms was the lack of a return channel. In India, returns can be as high as 25% of the monthly orders for e-commerce platforms. However, this problem was solved by the q-comm players. What is working in the favour of quick commerce when it comes to returns is the large network of delivery partners available around the consumer’s locality. In fact, quick commerce’s entire success can be attributed to low labour costs in India.

From a consumer’s point of view, quick commerce became their go-to channel for repeat purchases across categories such as groceries, beauty and skin care, and sanitary hygiene, which are amongst the fastest moving categories via this channel.

If you need a white T-shirt and you know your size in the brand, then why would a consumer wait for two days for the same to be delivered, if they can have the product in two hours, and return it, in case needed? They wouldn’t wait, and that’s exactly what Myntra is betting on.

As long as Myntra has the sizes in its micro warehouses, chances are for standardised products such as “a white tshirt”, consumers are likely to choose M-Now. Fit of the T-shirts may vary even for the same size among consumers, but then again the return channel will allow consumer to shop, try and keep/return all in a matter of two hours, if not less, from the comfort of their homes.

In 2022, Myntra launched the M-Express service, which was delivering products in one-two business days, in select cities. Since then, the service has become quite popular amongst the consumers.

Quick commerce to drive retail

According to the Q2 FY25 results of Blinkit by Zomato, quick commerce gross order value grew 122% on a year-on-year basis, and 25% on quarter-to-quarter basis, with adjusted revenue reaching INR1,156 crore for the quarter ending September.

Page Industries, the Indian parent company of Jockey in their investor presentations, too, has mentioned repeatedly how quick commerce within e-commerce has been driving sales for it since the firm was listed on these platforms.

As per the company's FY24 annual report, "The service appeals to those who make frequent, unplanned purchases, ranging from 4 to 15 times a month. This growth is supported by the ability of quick commerce platforms to offer competitive pricing, often 10%-15% cheaper than local stores, due to better pricing and sourcing advantages from manufacturers." Quick commerce is already a special focus retail channel for the innerwear market leader.

Apart from innerwear, athleisure, and night wear are also expected to have strong demand coming from this channel.

Nandita Sinha, CEO, Myntra, said in the press release, "This is just the beginning, and as we advance in our M-Now journey, Myntra will continue to sharpen the offering on multiple fronts, including selection and the speed promise."

"What makes quick commerce work is the presence across multiple categories. If the shopping need is not driven by an urgency, then the chances of a consumer buying from quick commerce just for the speed is unlikely. Flipkart's Minutes is great that way. If I need a pair of socks, even on a short notice, chances are I will add them in my Flipkart Minutes cart because I can buy a lot more products for free delivery across categories," concludes Taparia.

Source: economictimes.com– Dec 12, 2024

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Trident Group plans to invest Rs 3,000 cr in Madhya Pradesh

Textiles major Trident Group plans to invest Rs 3,000 crore in Madhya Pradesh to expand its operations in the state resulting in 3,000 new jobs, its Chairman Rajinder Gupta said on Monday. The Ludhiana-based vertically integrated textiles firm currently has operations involving sourcing cotton to produce finished goods in the state, it said in a regulatory filing.

"We ventured into Madhya Pradesh a few years ago and invested Rs 5,000 crore. Today, our finished products from Madhya Pradesh are exported to 122 countries, with demand continually rising," Gupta said while speaking at the Madhya Pradesh Regional Industry Conclave.

Looking ahead, Gupta said the group "plans to invest an additional Rs 3,000 crore in the state's textile sector which will expand employment opportunities here at Trident Group from the current 12,000 to over 15,000".

He further said, "We are committed to ensuring that the benefits of our operations stay within Madhya Pradesh, from sourcing cotton to producing finished goods. The state is an ideal confluence of sustainability, inclusive growth and green energy, with immense potential for solar and wind energy development."

Gupta also said the group is focused on skill development and women empowerment, with 50 per cent of new employment opportunities reserved for women.

Source: economictimes.com– Dec 09, 2024

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