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Currency Watch			
USD	EUR	GBP	JPY
84.92	89.21	107.63	0.55

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	India's merchandise trade deficit widens to a record $37.8 bn in Nov
2	Exports show resilience in 2024 but the new year may pose fresh challenges
3	India's trade basket is changing
4	Time to focus on export-led Indian miracle as US leans toward isolationism
5	Dip in exports: FIEO seeks urgent steps on liquidity front
6	Raising GST on garments to impact small businesses, common man: TG Textile associations body
7	CCI procures 31 lakh bales of cotton till mid-Dec
8	North India cotton yarn prices stable, but comber rises in Panipat
9	French high-end clothing fabric manufacturer Dormeuil targets double-digit growth in India

INTERNATIONAL NEWS

US Apparel and Textile Imports From Mexico Fell During October

The fruits of Trump's ongoing tariff threats may already be coming to bear, with apparel imports from Mexico falling during the month of October.

U.S. brands have been ramping up shipments from across the globe in advance of the holidays (and a looming potential tariff deadline on Jan. 20), but Mexico saw its fabric and clothing exports to the U.S. fall by 10 percent year-over-year, from 51 million square meter equivalent units (SME) in October 2023 to 46 million SME in October 2024, according to data from the U.S. Office of Textiles and Apparel (OTEXA).

The trend is notable given that the country's other most prominent textile and apparel trade partners saw their U.S.-bound exports increase by 21 percent during the same period—including America's largest trade adversary, China, which upped its volume by 10 percent year over year in October, from 779 million SME to 859 million SME. Mexico was knocked out of the top 10 U.S. apparel and textile trade partners entirely.

By far the biggest increase was seen by Cambodia, which boosted shipments to the U.S. by 80 percent from the year-ago period. Not surprisingly, other Asian exporters like India (up 32 percent year over year) and Vietnam (up 31 percent from October 2023) were the next largest beneficiaries of increased trade with the U.S. market.

Despite the upswing in apparel and textile imports, the U.S. actually narrowed its overall trade gap in October by nearly 12 percent, to $73.8 billion, from the previous month, according to the U.S. Commerce Department's Bureau of Economic Analysis (BEA).

Recently released data showed that imports of everything from crude oil to technology products and consumer goods dropped by $14.3 billion from September, to $339.6 billion. However, America's October exports also fell, dropping by $4.3 billion month-over-month to $265.7 billion.

Trends across sectors may be a result of natural market fluctuations, anxieties about port strikes or a confluence of factors. They could also be driven by Trump's widespread and varied tariff threats.

Throughout his campaign, he pledged to up duties on China-made products by 60 percent (a figure he later revised to 10 percent on day one of his administration), and 10 percent to 20 percent tariffs for goods imported from the rest of the world. More recently, Trump has said he'd raise tariffs on Canada and Mexico by 25 percent, a prospect leaders from both countries have balked at.

Mexican President Claudia Sheinbaum, like Canadian Prime Minister Justin Trudeau, has tried to reason with Trump—but neither leader has backed down from the threat, and in fact, both have said they would explore retaliatory duties if the president-elect goes through with his plan.

"President Trump, we are not going to address the migration phenomenon or drug use in the United States with threats or tariffs. These major challenges require cooperation and mutual understanding," Sheinbaum wrote to Trump following the Thanksgiving-week threat. "One tariff will be followed by another in response, and so on until we put common companies at risk."

The Mexican leader said a tariff war "is not acceptable and would cause inflation and job losses for the United States and Mexico."

The escalation in tension between the U.S. and Mexico comes at a strange time for businesses on either side of the border.

Fueled by everything from Covid-induced supply chain slowdowns and long overseas logistics lead times to shifting labor costs and a simple desire for greater efficiency, U.S. apparel brands have deepened their ties with Mexico in recent years. The concept of nearshoring became a curiosity for many before it evolved into a bona fide sourcing strategy—one that has allowed companies to diversify their portfolios and disrupt the status quo of Asia sourcing.

Mexico became the nation's biggest trading partner last year, shoving China into second place for the first time since 2014.

Close-to-home manufacturing has even gotten its own trade show, with the Nearshoring America Expo held at the Dallas Market Center last week. At the show, manufacturers, buyers and trade experts gathered to forge connections and discuss the unique advantages to nearshoring in Mexico, from greater supply chain transparency to competitive labor costs and more personal business relationships between brands and suppliers.

With Mexico's manufacturing sector on the rise, U.S. companies aren't the only ones taking notice. The bilateral trade relationship between China and Mexico has flourished, reaching $100.2 billion in 2023.

China is Mexico's second largest trading partner to the U.S., and the symbiotic relationship stands to grow as both countries are face hurdles with U.S. trade policies.

Source: sourcingjournal.com– Dec 16, 2024

HOME

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US import prices up 0.1% for 2nd straight month in Nov 2024: BLS

Prices for US imports increased by 0.1 per cent for the second consecutive month in November and October this year after declining by 0.4 per cent in September and by 0.3 per cent in August, according to the Bureau of Labour Statistics (BLS). Higher fuel prices led the November advance.

US export prices remained unchanged in November following a 1-per cent rise the previous month, and declining by 0.6 per cent in September and by 0.7 per cent in August. Higher non-agricultural export prices in November offset lower agricultural export prices.

Import prices rose by 1.3 per cent from November 2023 to November 2024, the largest over-the-year rise since the index increased by 1.7 per cent for the year ended July 2024.

Import prices of fuel rose by 1 per cent in November following a 0.8-per cent decline the previous month.

Prices of non-fuel imports were unchanged in November, after advancing by 0.2 per cent in each of the two previous months. Non-fuel import prices have not declined on a monthly basis since a 0.2-per cent drop in May 2024. The price index for such imports rose by 2.3 per cent over the past 12 months.

Prices for the major finished goods import categories were mixed in November. Capital goods prices edged down by 0.1 per cent in the month, the first monthly decrease since May 2024.

In contrast, the price index for consumer goods imports ticked up by 0.1 per cent for the third consecutive month in November.

US export prices rose by 0.8 per cent over the past year, the largest 12-month advance since a 1.2-per cent increase from July 2023 to July 2024, a BLS release said.

Agricultural export prices declined by 0.4 per cent in November following increases of 1.9 per cent in October and 0.8 per cent in September. Such prices decreased by 2.5 per cent over the past 12 months.

The price index for non-agricultural exports ticked up by 0.1 per cent in November after increasing by 0.8 per cent in October.

Higher prices for exports of capital goods and non-agricultural foods in November more than offset lower prices for export of consumer goods.

Prices for export of non-agricultural industrial supplies and materials were unchanged in November following a 1.8-per cent advance the previous month.

Prices for the major finished goods export categories were mixed in November. The price index for export capital goods ticked up 0.1 per cent following a 0.3-per cent advance in October.

Consumer goods export prices fell by 0.1 per cent in November, after decreasing by 0.2 per cent the previous month. Lower prices for manufactured non-durables and durables in November each contributed to the decline.

Source: fibre2fashion.com– Dec 17, 2024

HOME

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UK goods exports fall 0.4% in Oct, imports up 5.8%

The value of goods imports in the United Kingdom at current prices (not adjusted for inflation) increased by £2.6 billion (~$3.28 billion), or 5.8 per cent, in October this year , with both imports from the European Union (EU) and non-EU countries rising by 5 per cent and 6.9 per cent respectively.

The value of goods exports fell slightly by £0.1 billion (~$126.35 million), or 0.4 per cent, in October, with a 4.6-per cent fall in exports to non-EU countries largely offset by a 4.1-per cent rise in exports to the EU. Exports to the EU were higher than to non-EU countries for the first time since November 2023.

The trade in goods deficit narrowed by £1.8 billion (~$2.27 billion) to £51.4 billion (~$64.93 billion) in the three months to October.

Imports from the EU were £4.4 billion higher than from non-EU countries in October 2024, while exports to the EU were £0.1 billion higher than exports to non-EU countries.

Source: fibre2fashion.com– Dec 16, 2024

HOME

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The US fashion industry braces for impact as tariffs on Chinese imports loom

The fashion, apparel, and textiles sector is facing a potential upheaval as the US government announces a new 10 percent tariff on goods imported from China. Trump has called out 25 per cent tariffs for Mexico and Canada and 10 per cent for China, the US' three largest trade partners, for which the US imported more than $1.2 trillion worth of goods in 2023.

This move comes on the heels of a study released by the National Retail Federation (NRF), which highlights the economic consequences of such tariffs. The NRF study, conducted by Trade Partnership Worldwide, titled 'Estimated Impacts of Proposed Tariffs on Imports' analyzed the potential impact of tariffs on a wide range of consumer goods, including the fashion industry.

The study concluded tariffs would lead to:

Higher costs of doing business: Importers and retailers will face higher costs for goods sourced from China, potentially leading to reduced profit margins or increased prices for consumers.

Job losses: The study estimates significant job losses across various sectors, including retail and manufacturing, as businesses grapple with increased costs and reduced consumer spending.

Supply chain disruptions: Tariffs could disrupt established supply chains, forcing businesses to seek alternative sourcing options, potentially leading to delays and increased complexity.

The additional 10 per cent tariff on Chinese imports affects the fashion industry that is particularly vulnerable. China is a major supplier of raw materials, fabrics, and finished garments for many global brands. According to the USITC, China accounted for approximately 30 per cent of US apparel imports in 2023.

This reliance on Chinese imports highlights the potential impact of the new tariffs on the US fashion industry. The NRF study estimates that a 10 per cent tariff on Chinese imports could lead to a loss of over 200,000 US jobs and reduce GDP by $30 billion.

The new tariff could significantly impact the industry in several ways. For example, increased import costs are likely to be passed on to consumers in the form of higher prices for clothing and accessories. This could reduce consumer demand and impact sales. Fashion companies may be forced to diversify their sourcing, moving away from China to avoid the tariffs.

This could lead to increased production costs and logistical challenges as companies establish new supplier relationships in countries like Vietnam, Bangladesh, or India. While some argue tariffs could boost domestic manufacturing, the reality is more complex. The US fashion industry has gone through significant offshoring in recent decades, and rebuilding domestic production capacity would require substantial investment and time.

Indeed, the new tariffs on Chinese imports are a challenge for the US fashion, apparel, and textile sector. Businesses will need to adapt quickly, exploring alternative sourcing strategies, optimizing their supply chains, and potentially adjusting their pricing strategies to remain competitive in this evolving landscape. The long-term impact of these tariffs on the industry and the global economy remains to be seen.

Source: fashionatingworld.com– Dec 16, 2024

HOME

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UK's clothing imports up 6.9% to $2 bn in Oct 2024

In October 2024, the United Kingdom imported clothing worth £1.595 billion (~$2.015 billion), marking a 6.90 per cent increase compared to £1.492 billion in October 2023. This also reflected a month-on-month rise from September 2024, when imports stood at £1.273 billion, according to the UK's Office for National Statistics (ONS).

Imports of textile fabrics in October 2024 increased by 1.77 per cent to £517 million, up from £508 million in October 2023. However, they also rose from September 2024's figure of £431 million.

Fibre imports in October 2024 remained stable at £36 million, slightly lower than £38 million in October 2023 but higher than the £24 million recorded in September 2023.

During the third quarter of 2024, the UK's clothing imports amounted to £3.755 billion (~$4.75 billion), a decline of 10.21 per cent compared to £4.182 billion in the third quarter of 2023.

This represented an increase from the £3.481 billion recorded in the second quarter of 2024. Fabric imports during this period were valued at £1.321 billion, while textile fibre imports reached £86 million. In the same period in 2023, fabric imports were £1.369 billion, and fibre imports stood at £101 million.

For the year 2023, the UK's clothing imports totalled £15.702 billion (~$20.33 billion), a significant decline of 25.94 per cent from £21.203 billion in 2022.

Fabric imports were recorded at £5.547 billion in 2023, down from £6.357 billion in 2022, while fibre imports decreased to £413 million from £562 million in the same period. In 2021, imports of clothing, fabrics, and textile fibres were £17.034 billion, £5.996 billion, and £458 million, respectively.

Source: fibre2fashion.com– Dec 17, 2024

HOME

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Monthly Cotton Economic Letter: December 2024

Cotton benchmarks were either rangebound or moved slightly lower over the past month.

- March has taken over as the most actively traded NY/ICE futures contract. March prices have been trending lower since late September, falling from 76 cents/lb to levels as low as 69 cents/lb in early November. An upward move in late November briefly brought prices to 72 cents/lb, but more recent trading pulled prices lower. The current value is 69 cents/lb.
- The A Index moved sideways over the past month, holding within a range between 79 and 83 cents/lb. The current value is 80 cents/lb.
- The Chinese Cotton Index (CC Index 3128B) declined slightly, from 98 to 95 cents/lb. In domestic terms, prices fell from 15,400 to 15,200 RMB/ton. The RMB weakened against the dollar, from 7.17 to 7.26 RMB/USD.
- Indian spot prices (Shankar-6 quality) eased from 83 to 81 cents/lb. In domestic terms, values fell from 55,300 to 53,900 INR/candy. The INR was steady near 84 INR/USD.
- Pakistani spot prices decreased from 78 to 75 cents/lb over the past month. In domestic terms, values dropped from 18,000 and 17,300 PKR/maund. The PKR was steady at around 278 PKR/USD.

Supply, Demand & Trade

The latest USDA report featured increases to global production (+1.2 million bales to 117.4 million) and mill use (+570,000 bales to 115.8 million).

At the country level, the largest changes for production were for India (+1.0 million bales to 25.0 million), Argentina (+150,000 bales to 1.8 million), Benin (+110,000 bales to 1.3 million), Brazil (+100,000 bales to 16.9 million), Burkina Faso (-120,000 bales to 600,000), and Mali (-130,000 bales to 1.1 million).

For mill use, the largest changes were for India (+500,000 bales to 26.0 million), Pakistan (+400,000 bales to 9.9 million), Vietnam (+100,000 bales to 7.0 million), and China (-500,000 bales to 37.5 million).

The global trade forecast increased 100,000 bales to 42.3 million. In terms of imports, the largest updates were for Pakistan (+500,000 bales to 4.5 million), Vietnam (+100,000 bales to 7.0 million), Mexico (-100,000 bales to 825,000), and China (-500,000 bales to 8.5 million). For exports, the largest revisions were for Brazil (+200,000 bales to 12.5 million), Benin (+100,000 bales to 1.2 million), Burkina Faso (-100,000 bales to 600,000), and Mali (-100,000 bales to 1.1 million).

Price Outlook

The global market is still waiting for a definitive recovery in demand. Weekly U.S. export sales data are among the timeliest indicators for demand. In recent weeks, there was a spurt in purchasing activity, which lifted weekly sales over 300,000 bales. The strength of that buying may have raised hopes for a lasting change of direction in buying activity, but more recent data revealed that buying interest had faded. U.S. sales in the latest week of data were about half the volume of the previous two weeks. Total U.S. commitment for delivery in 2024/25 is down 12 percent year-over-year, despite the crop being nearly 20 percent larger.

A source of support for exports globally last crop year was strong Chinese import demand associated with its reserve system. Crop-year-to-date in 2024/25 (August-October), Chinese imports from all locations are down 47 percent. The USDA is forecasting Chinese imports to decrease 6.5 million bales (or -43 percent, from 15.0 in 2023/24 to 8.5 million in 2024/25).

Countries outside of China do not have policy instruments on the scale of China’s reserve system, and purchasing from those markets can be considered more reflective of downstream demand. U.S. export sales to countries outside China are mixed year-over-year, with increases to Vietnam, Pakistan and Turkey and decreases to Mexico, Bangladesh and Indonesia.

A broader representation of demand can come from industry surveys. The International Textile Manufacturers’ Federation (ITMF) regularly asks companies around the world about the state of demand. In their latest report (November), they indicated improvement in the global fiber, yarn and garment industry relative to 2023.

However, more respondents from the fiber and yarn segments continue to report that poor business conditions outweigh the good. At the garment stage, there was a near balance between companies reporting good and poor conditions. In 2023, there were about 50 percent more garment manufacturers reporting poor conditions, so there has been some notable improvement in that sector.

Further evidence of improvement in the garment sector has been coming from U.S. apparel import data. Although apparel imports are a lagging indicator, reflecting upstream orders completed several months ago, the weight volume of cotton clothing shipments in October (latest available) was the highest since September 2022, when imports were coming off the record highs recorded in the first half of 2022. Relative to the total volume in 2019, the seasonally-adjusted rate of imports in October was about 10 percent higher. The recent surge in shipments to the U.S. narrowed a lingering divergence between consumer spending data and import volumes that has been as wide as 25 to 30 percentage points since the second half of 2022.

Several factors have been proposed to explain the divergence between consumer spending and import volumes. One of them is the rise in the de minimis channel, which bypasses the accounting process for traditional imports. Another potential explanation is inventory management and conservative order placement in the period that followed the surge in inflation and increases in interest rates. With U.S. consumer spending steady, stabilization in inventories implies an increase in imports, and the latest data may be reflective of that process.

One of the best indicators of global cotton demand, however, is global economic growth. The outlook for world GDP suggests sluggish conditions throughout 2024/25 crop year and beyond. While a period of predictable growth may be a welcome change to the extreme volatility in recent years, this outlook suggests a slow improvement in demand conditions.

Source: sourcingjournal.com– Dec 16, 2024

HOME

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China's retail sales up 3% YoY, industrial output up 5.4% YoY in Nov

China's retail sales of consumer goods increased by 3 per cent year on year (YoY) to 4.38 trillion yuan ($608.82 billion) in November this year, according to the National Bureau of Statistics (NBS).

In the first 11 months this year, such sales totalled nearly 44.3 trillion yuan—up by 3.5 per cent YoY. Online retail sales of consumer goods stood at around 14 trillion yuan—up by 7.4 per cent—during the period.

Retail sales of consumer goods in urban regions rose by 2.9 per cent YoY to 3.76 trillion yuan last month, while sales in rural regions stood at 616.7 billion yuan—up by 3.2 per cent YoY.

The country's value-added industrial output expanded by 5.4 per cent YoY in November. It edged up by 0.46 per cent month on month in November. During the January-November period, it rose by 5.8 per cent YoY, according to Chinese media reports.

The industrial output measures the activity of enterprises each with an annual main business turnover of at least 20 million yuan ($2.8 million).

Source: fibre2fashion.com– Dec 16, 2024

HOME

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EU Council adopts packaging regulation to foster sustainability

European Union (EU) Council has officially adopted a new regulation focused on sustainable packaging, aiming to significantly reduce packaging waste across member states. This regulation enforces re-use targets and restricts the use of single-use packaging, covering the entire lifecycle of packaging products to ensure a more sustainable approach.

Under the new rules, by 2030 and 2040, there are specific targets set for incorporating a minimum percentage of recycled content in products, with single-use plastic bottles required to contain up to 65 per cent recycled material by 2040.

Additionally, the regulations mandate a reduction in the weight and volume of packaging and the elimination of unnecessary packaging. Another key aspect is the restriction on harmful substances, including a ban on food contact packaging that contains certain levels of per- and polyfluorinated alkyl substances (PFAS), the Council said in a press release.

To support consumer involvement and make more informed choices, the regulations also include new requirements for labelling, marking, and providing information about the material composition and recycled content of packaging. These initiatives are part of the EU's wider strategy to address environmental challenges related to packaging waste and promote a circular economy within the bloc.

The formal adoption by the Council today marks the final step in the ordinary legislative procedure. The regulation will now be published in the EU’s Official Journal and will enter into force. The regulation will be applied 18 months after the date of entry into force.

Source: fibre2fashion.com– Dec 16, 2024

HOME

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Vietnam sets 6% export growth target in 2025

Vietnam's ministry of industry and trade (MoIT) recently set a target of 6-per cent export growth for next year.

The recovery of major markets in the West will be a key driving force for exports, especially in electronics, consumer goods and textiles, the ministry said.

The country's macroeconomic data on economic growth, the industrial production index, the purchasing managers index and export orders in recent months have also shown a positive export outlook, it noted.

However, the ministry cautioned that exporters will face several challenges next year if global geopolitical developments continue to be unpredictable.

The ministry said its focus now would be to accelerate trade promotion activities and exports at the borders and facilitate exports to the Chinese market, according to a domestic media report.

In the first 11 months this year, the country's exports expanded by 14.4 per cent year on year (YoY) to $369.9 billion in value, according to the General Statistics Office.

The domestic industrial sector contributed $103.9 billion to the total export value—an increase of 20 per cent YoY, while the sector with foreign investment generated $266 billion—up by 12.4 per cent YoY.

The United States remained Vietnam's largest export market during this period, with exports worth $108.9 billion.

Source: fibre2fashion.com– Dec 16, 2024

HOME

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Cotton Day 2024 Bangladesh focuses on benefits of US cotton for Bangladesh textile industry

This year, the Cotton Day 2024 Bangladesh event focused on the benefits of using high-quality, sustainable US Cotton in thriving textile industry of Bangladesh. The event was hosted by Cotton USA™ on December 10 in Dhaka. It was organised by Cotton Council International (CCI) and emphasised on navigating the evolving global fashion supply chain through robust partnerships between US cotton growers and Bangladeshi textile mills.

Highlighting the challenges and opportunities associated with US cotton, Showkat Aziz Russell, President, Bangladesh Textile Mills Association (BTMA), appreciated its superior quality and sustainability while also acknowledging logistical hurdles, particularly long lead times.

BTMA aims to address these hurdles by investing in warehouse facilities to streamline inventory management and ensure prompt deliveries. The association aims to increase the usage of US cotton and foster a meaningful partnership with the US business community, states Russell.

Emphasising on the importance of innovation and strategic partnership for overcoming the demand and oversupply challenges, William Bettendorf, Regional Director-SAG, CCI, introduced the data and benchmarking tool, Cotton USA Mill Performance Index®, a powerful resource that compares mill performance across five key cost drivers. The index demonstrates how sourcing US cotton can improve productivity and yield, offering mills a competitive advantage.

Deliberating on the future of global cotton production, Frederick Barrier, Vice President –Sales, Staple Cotton Cooperative, emphasised on factors like seed technology, water availability, and sustainable practices. Bangladesh remains committed to importing 275,000 cotton bales in 2024-25 from the US, affirms John King, Senior Vice President.

Maria Bille, Director-EU Policy emphasised on the growing importance of transparency and fair practices in the fashion industry. She emphasised on the importance of using sustainable cotton to align mills with evolving requirements.

Addressing the rising demand for sustainability and ethical practices, Zoe Lindsey, Vice President – Sales, noted, 76 per cent of consumers prioritise these values, avoiding brands that neglect social and environmental responsibility.

Hosted by Ali Arsalan, CCI representative, the event attracted over 250 stakeholders, including spinning industry leaders, brands, technology providers, and cotton specialists. It served as a platform to highlight how US cotton's premium quality and sustainability can empower Bangladesh's textile industry to thrive in an increasingly regulated and competitive global market.

Source: fashionatingworld.com– Dec 16, 2024

HOME

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NATIONAL NEWS

India's merchandise trade deficit widens to a record $37.8 bn in Nov

India's trade deficit reached a record high of $37.8 billion in November, amid a surge in merchandise imports, mainly driven by a 4.3-time jump in inbound shipments of gold, data released by the commerce department showed. Imports increased by 27 per cent to a record of almost $70 billion during the month.

On the other hand, exports contracted 4.8 per cent to a 25-month low of $32.1 billion in November. The contraction came in a month after witnessing robust 17 per cent year-on-year (Y-o-Y) growth in October, which, according to government officials, was due to inventory-building by the West ahead of the Christmas season.

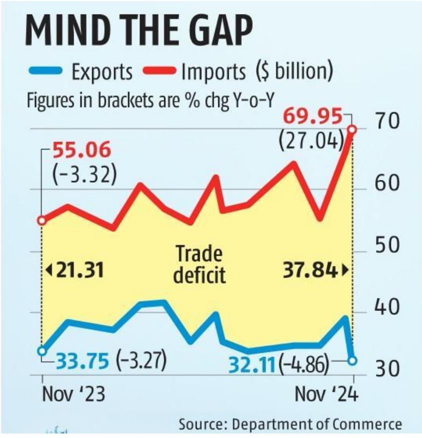
Commerce secretary Sunil Barthwal said that in November, decline in petroleum prices had largely affected exports, although on the brighter side, non-petroleum products grew nearly 8 per cent, an indication that demand is intact.

"This Christmas demand for exports is growing, which means that demand for (non-petroleum) Indian products is consistently rising," Barthwal told reporters in a briefing on Monday.

During November, petroleum exports contracted 49.6 per cent at $3.7 billion. That apart, gems and jewellery is another crucial export item that saw a massive decline of 26 per cent to $2.06 billion. Key products that witnessed export growth include engineering goods (13.7 per cent), drugs and pharmaceuticals (1.1 per cent), electronic goods (54.7 per cent), and readymade garments (9.8 per cent).

According to the data, India imported gold worth $14.9 billion, comprising a fifth of merchandise imports in November. Commerce department officials said that a surge in import of the precious metal has been influenced by nearly a 30 per cent increase in price.

"Gold has been reflected as one of the best performing assets in 2024, till November. Higher import is also due to the investor confidence in gold as a safe asset," additional secretary L Satya Srinivas told reporters.



Aditi Nayar, chief economist and head of research and outreach at ICRA, said that such high levels of gold imports were likely driven by festive and marriage-related demand, and are unlikely to sustain in the ensuing months, which would help to cool the upcoming merchandise trade deficit prints.

Other items that saw a sharp increase in imports include electronic products (17.4 per cent), petroleum products (7.9 per cent), electrical machinery (12.8 per cent), organic and inorganic chemicals (6.5 per cent), and vegetable oil (87.8 per cent).

On a cumulative basis, exports saw 2.2 per cent growth at $284.31 billion during April-November. Imports saw 8.3 per cent growth at $486.73 billion during the first eight months of the current financial year (FY25).

"The adverse trade deficit print for November 2024 will result in a sharper-than-expected widening in India's current account deficit (CAD) in Q3FY25 to 2.8 per cent of GDP as against earlier expectations of 2 per cent, which will be the highest level in over two years. We have also revised our FY25 forecast for CAD to 1.4 per cent of GDP from 1 per cent earlier," Nayar said.

Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said that ongoing international trade disruptions, along with the volatility in crude and metal prices, have also played a key role in the declining value of exports to some extent.

"The rising tensions between Israel and Iran has continuously led to logistical challenges with regard to international trade getting impacted, as most of our trade to Europe, Africa, CIS, and the Gulf region is happening through the Red Sea route or the gulf region, prompting buyers to have a little large inventories," Kumar said.

In November, the value of services exports was higher than merchandise exports.

Services exports saw 26.8 per cent growth at $35.67 billion in November, while services imports witnessed 29.2 per cent rise to $17.7 billion, resulting in a surplus of $17.9 billion.

Services trade data for November, however, is an "estimate", which will be revised based on the Reserve Bank of India (RBI)'s subsequent release.

Source: business-standard.com– Dec 16, 2024

HOME

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Exports show resilience in 2024 but the new year may pose fresh challenges

India's goods exports demonstrated considerable resilience in 2024, bouncing back on the growth track from the negative territory it slipped into last fiscal, despite persistent geopolitical risks and global economic uncertainties.

The pick-up in exports, albeit modest, has ignited hopes for the future. This has been fuelled by expectations of interest rate cuts in Western economies that could translate into higher export orders. But the year 2025 could prove to be highly tumultuous.

Geopolitical tensions

Factors such as heightened tensions in West Asia, Russia's continued war in Ukraine and US President-elect Donald Trump's warnings on higher import tariffs could pose hurdles for global economic growth and the country's exports.

Goods imports by India, too, have gone up this fiscal so far. The slightly higher rate of growth for imports has widened the trade deficit. Since much of the increase is due to higher imports of petroleum and inputs for manufacturing, attempts to curb it would be limited.

In fact, Commerce Secretary Sunil Barthwal recently said that India should not be too concerned about its imports rising, as long as its export share continues to grow. So, the big challenge for the government in 2025 on the trade front would be to stay focussed on the export numbers.

After suffering a decline of 3.10 per cent in FY 24 (year-on-year) to $437.07 billion, India's goods exports have showed signs of revival overcoming geopolitical turmoil including the West Asia and Red Sea crisis, and the Russia-Ukraine war disruptions. While goods exports declined in certain months, there has been an overall 3.14 per cent growth to $252.19 billion overall in the April-October 2024 period.

India's exports to its top five destinations, including the US, the UAE, Netherlands, the UK and Singapore, increased in April-October 2024.

Trump Tariff

The US continued to be India's largest export market in April-October 2024, with exports growing 6.31 per cent to $47.23 billion. Ironically, it is in the US market that India's biggest challenge for 2025 lies. With Trump's identification of India as a high tariff charging country and threatening of trading partners with reciprocal tariffs, no one is quite sure what the situation in the US market would be in 2025.

As Trump's primary target is China, and he is likely to impose much higher tariffs on the country, opportunities may emerge for India. But India's track record of cashing in on opportunities thrown by countries wanting to reduce over-dependence on China has not been good. "India has seen limited success so far in capturing the China Plus One strategy. Vietnam, Thailand, Cambodia and Malaysia have become bigger beneficiaries of the strategy," a new 'Quarterly Trade Watch' report brought out by NITI Aayog pointed out.

Cheaper labour, simplified tax laws, lower tariffs and proactive signing of Free Trade Agreements (FTAs) were some of the reasons identified in the report for the success of the South East Asian countries.

India is keen on FTAs, but certain oversights while negotiating some of the recent FTAs, like with the UAE, is now making the Commerce Department go slow. A set of standard operating procedures are now to be followed in future FTAs. Quick-fix FTAs to boost exports with partners such as the EU or the UK, may not be an urgent priority anymore.

But like 2024, Indian exporters could continue moving up the growth trajectory in 2025 as well, against all odds. Perhaps a little help from the government, in terms of adequate credit, timely clearances and input tax remissions, could go a long way in boosting performance.

Source: thehindubusinessline.com – Dec 16, 2024

HOME

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India's trade basket is changing

Between FY2004 and FY2024, India's merchandise exports surged six-fold to $437.1 billion, while imports skyrocketed nearly nine-fold to $678.2 billion. This remarkable growth, however, masks significant sectoral variations driven by global disruptions such as the 2008 financial crisis, the Covid pandemic, the US-China trade tensions; and domestic initiatives like 'Make in India'.

This analysis explores how India's trade composition has changed over the years, highlighting the shifting roles of different sectors in shaping the country's trade ambitions.

Diversifying Exports

India's merchandise export basket has diversified significantly. The agriculture, meat, and processed food sector maintained a stable share of around 11 per cent but saw absolute volumes jump from $7.6 billion in FY2004 to $48.5 billion in FY2024. This growth reflects the rising global appetite for Indian products led by rice, sugar, groundnuts, meat, marine products, coffee, pepper, oil cake, raw tobacco etc.

Energy-related exports, including iron ore and petroleum products, expanded their dominance, with their share rising from 8.9 per cent in FY2004 to over 21 per cent in FY2024. Volumes in this sector reached a staggering $94 billion. Petroleum product exports reached $89.3 billion in FY2024, underscoring India's role as a key supplier.

Export volumes in chemicals and pharmaceuticals rose from $6.6 billion to $60.8 billion. Their share increased from 10.4 per cent to 13.9 per cent during the period, supported by India's pharmaceutical leadership and chemical manufacturing advancements.

Machinery, computers, and electrical and electronic products emerged as strong performers. Their shares increased to 6.9 per cent and 7.9 per cent, respectively, with export volumes reaching $30.1 billion and $34.5 billion. These gains highlight India's growing industrial and technological capabilities. Smartphones are the best success story, with exports rising from zero to $15.6 billion.

Automobiles and parts exports also gained traction, with their share rising to 4.8 per cent in FY2024, as India cemented its position as a global hub for vehicle and component manufacturing. Volumes in this segment surged from $1.7 billion to $21 billion.

Traditional sectors such as textiles and clothing, however, lost ground. Their share dropped sharply from 21.1 per cent in FY2004 to 8 per cent in FY2024. Volume increased from $13.5 billion in FY2004 to $35.0 billion in FY2024. Still, growth lagged behind other sectors due to competition from countries like Bangladesh and Vietnam.

Similarly, the share of diamonds, gold, and related products fell significantly, though volumes increased modestly, underscoring changing global consumer preferences.

Export and import: Sectoral shares (in %)

Sector	Exports			Imports		
	2004	2014	2024	2004	2014	2024
Agriculture, meat and processed food	11.9	12.5	11.1	5.2	3.7	4.7
Petroleum, ores, minerals, coal	8.9	21.9	21.5	30.2	42.3	33.8
Chemicals and pharmaceuticals	10.4	10.4	13.9	8.7	8	9.3
Plastics, articles	2.1	1.8	1.7	1.6	2.2	3.2
Textile and clothing	21.1	11.9	8	2.6	1.2	1.3
Diamonds, gold and products	16.9	13.3	7.5	18.1	13	11.6
Products of iron, steel and base metals	8.8	7.4	8.1	5	5	6.9
Machinery, computers	3.9	3.8	6.9	8.9	6.8	8.5
Electrical and electronics products including telecom, smartphones	3	3.3	7.9	8.4	6.5	11.7
Automobiles, parts	2.7	4.1	4.8	0.7	1	1.1
Remaining categories (medical, leather, paper, ships, aircraft etc.)	10.3	9.6	8.7	10.6	10.4	8
Total %	100	100	100	100	100	100
Total ($ billion)	**63.8**	**314.4**	**437.1**	**78.1**	**450.2**	**678.2**

Overall, India's export basket has diversified significantly. While traditional sectors have faced challenges, the rise of high-value and technology-driven exports signals a shift towards industrial sophistication. This transformation positions India as a competitive global exporter, though lagging sectors like textiles and diamonds highlight the need for innovation, branding, and strategic interventions to sustain growth across the board.

Import surge

India's import basket reflects the country's expanding energy needs, industrial growth, and technological ambitions.

The share of ores, minerals, coal, and petroleum peaked at 42.3 per cent in FY2014 but came down to 33.8 per cent in FY2024. Import volumes surged from $23.6 billion to $229.2 billion, driven by reliance on crude oil, and coal. Crude petroleum oil was the most significant import, with $139.2 billion in FY2024.

Electrical and electronics imports experienced the most significant growth, with their share rising from 8.4 per cent in FY2004 to 11.7 per cent in FY2024. Import volumes reached $79.4 billion, driven by the need to import components for smartphones, telecom equipment, and other electronics.

Machinery and computer imports accounted for 8.5 per cent of the total in FY2024. Import volumes climbed to $57.6 billion, reflecting an expanding economy. Similarly, plastics imports grew steadily, supporting the country's expanding manufacturing base.

Diamonds, gold, and luxury goods remained significant, with import volumes rising to $78.6 billion. However, their share in the import basket fell from 18.1 per cent to 11.6 per cent, indicating a shift in India's import priorities. Imports of steel and other base metals like copper grew to $46.8 billion, reflecting increased industrial and construction activity.

Agricultural imports reached $32 billion, with a share of 4.7 per cent in FY2024, reflecting growing domestic demand for specific food products. Key imports are vegetable oil ($15 billion), pulses, sugar, cashew nuts, and apples.

The Challenges

India faces a trio of external challenges that threaten its trade prospects. First, the US-China trade and tariff war, with Trump's return in January, added further uncertainty.

Second, the European Union's green laws, such as the Carbon Border Adjustment Mechanism (CBAM), set to impose a 20-35 per cent carbon tax from January 2026, and other European green regulations raise compliance costs for Indian exporters.

Third, India's heavy reliance on China for industrial imports — accounting for 30 per cent of its needs — exposes critical sectors like electronics, chemicals, and renewable energy to supply chain vulnerabilities.

Domestically, high input costs, labour and logistics inefficiencies, and superficial manufacturing practices hinder India's global competitiveness. Energy and financing costs in India are significantly higher than in China, making products like solar cells 40 per cent more expensive to produce domestically.

Rigid labour laws and reliance on foreign shipping routes inflate trade costs and timelines. At the same time, shallow ports force cargo through hubs like Colombo.

Additionally, sectors like electronics remain confined to assembly operations, relying on imported components. At the same time, labour-intensive industries such as garments and gems face stiff competition from low-cost countries.

To overcome these challenges, India must prioritise cost reductions in energy, logistics, and financing, implement labour reforms, and incentivise domestic production of critical inputs like solar cells and machinery. These measures are essential for transitioning from assembly-based exports to deep manufacturing and capturing emerging opportunities in global trade. These efforts are also crucial for realising India's ambitious goal of reaching $1 trillion in merchandise exports by 2030.

Source: thehindubusinessline.com– Dec 16, 2024

HOME

****

Time to focus on export-led Indian miracle as US leans toward isolationism

In the mid-1990s, when Indian companies were struggling to handle an economic slowdown and high interest rates, I had developed a rule of thumb to filter high-quality companies: Does the company earn a significant part of its revenues from export? The logic behind this was straightforward. If a company could thrive in the fiercely competitive global marketplace, despite India's red tape, poor infrastructure, and high taxes, it must be running high-quality operations. Of course, one had to be cautious. Back then, tax breaks and subsidies for export often led to inflated figures and the risk of "fake export". But this could be tackled by examining the size of the business, the quality of the promoters, cash flows, debt, and other metrics. A simple focus on export would have thrown up the biggest gainers of the last 30 years: Pharmaceutical companies.

Can this logic be applied to a country? It is no surprise that all developed countries have a very strong export sector, especially the four-five that have actually become developed nations within one generation in the past 100 years. There are about 200 countries for which the World Bank and United Nations Conference on Trade and Development have compiled per capita export data. On that list, India is ranked 153rd, as against South Korea at 44th and Taiwan at 35th. If you think India is a services export powerhouse, India's ranking in per capita services export is 89th out of 114, trailing nations like Malaysia, Turkey, and Thailand. Many highly promising economies of the past few decades, like Brazil, which were supposed to achieve rich-nation status but could not, have, coincidentally, poor per capita export figures. Even China, the world's manufacturing powerhouse, is at 103rd; this could be because (apart from a large population base) its exports are of lower value than those of Japan, Taiwan, and South Korea.

It is obvious why prosperous countries rank high on export. Just like a company that excels in global markets, a country's exports signal a range of economic health factors: World-class infrastructure, high standards of education, technological innovation, a well-functioning financial system, social cohesion, and a thriving private sector — all supported by thoughtful and consistent government policies. The exceptions are nations very richly endowed with huge natural resources and low population such as Saudi Arabia.

Economic planning can have many objectives — increasing domestic production, employment, reducing inequality, regional development, etc. The question is: What is the one thing that could drive India's economic success? Gary W Keller and Jay Papasan, in their bestselling book The One Thing, argue that there is often one action that makes everything else easier or unnecessary. For most countries that answer is clear: Double-digit export performance for years together and climbing up the global value chain.

It is surprising that India has not followed this path even though there have been plenty of examples of export-led economic miracles from the 1950s closer home. Japan, South Korea, and Taiwan embarked on this strategy very successfully, and that was partly copied later by Thailand, Malaysia, and Vietnam. There is a lot of debate around the world on what ought to be the path for poor countries to become rich. Economists Daron Acemoglu and James A Robinson (Nobel Prize winners of 2024) emphasise the role of institutions in Why Nations Fail. However, real-life evidence shows the triumph of economic nationalism, under which infant industry is initially protected to acquire the building blocks of manufacturing but is soon forced to compete along with other national players — on the international markets.

This model transformed Germany in the late 19th century; Japan learnt from this and employed the recipe in the last century, especially after World War II, followed by two Japanese colonies — Taiwan and South Korea.

Finally, China, starting late, has taken export to a wholly new level, which now threatens large swathes of Western high-technology industries. Each of these countries started at the lowest end of the value chain (Japan was exporting raw silk in the late 19th century, then textiles, bicycles, cheap electronics, cars, and so on) and moved up the technology ladder.

While India has wasted three decades in muddling along, even after the so-called economic liberalisation of 1991, under the Modi government, there is a faint element of economic nationalism in schemes such as production-linked incentives (PLI) and Make in India. But for these schemes to be effective, it has to use the playbook of export champions. The incentive has to be linked to export, not just import substitution or higher production.

Initially it will be hard, which will automatically reveal what needs to be done to make each of the sectors export-competitive. In each of the four countries that have recorded extraordinary growth, the government worked with the manufacturers to help them import technology, arranged cheap finance, culled the weaker players, and relentlessly imposed export discipline. India should learn from this and adapt.

Fortunately, India already has many of the ingredients for success. One, in sectors like pharmaceuticals, chemicals, steel, and engineering, and services, the country has both domestic scale and a global competitive edge. Two, the timing too is right. So far, the Third World has been cowed down by the "Washington Consensus", a recipe consisting of fiscal discipline, trade and financial liberalisation, privatisation, etc. Now the United States itself has taken a sharp turn towards isolationist policies of economic nationalism and protectionism. Hence, while it is late, the timing is even better now to focus on an export-led Indian miracle. It is the only route to a Viksit Bharat.

Source: business-standard– Dec 16, 2024

HOME

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Dip in exports: FIEO seeks urgent steps on liquidity front

Expressing concerns over the decline in exports, exporters body FIEO on Monday urged the government to immediately take steps on the liquidity front and announce a higher rate of interest subvention support to improve shipments. The imposition of Rs 50 lakh per company cap in the interest equalisation scheme has hit many MSMEs, and they are unable to decide on order with non-availability of further subvention, Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said.

He demanded immediate restoration of the scheme with a cap of Rs 10 crore for all MSMEs for five years.

Besides, the government should also extend the RoDTEP (Remission of Duties and Taxes on Exported Products) benefits to all sectors of exports, he added.

Kumar said that such a dip in exports is mainly on the back of continuing global economic uncertainties.

The ongoing international trade disruptions, along with the volatility in crude and metal prices, have also played a key role in the declining value of exports to some extent, he noted.

The rising tensions between Israel-Iran have continuously led to logistical challenges with regard to international trade getting impacted as most of India's trade to Europe, Africa, CIS, and the Gulf region is happening through the Red Sea route or the Gulf region, prompting buyers to have little large inventories, Kumar added.

"The challenges with regard to trade finance still remain the key for the MSMEs, as it is really impacting the competitiveness of Indian products in the global markets," he said.

After recording a double-digit growth in October, India's exports in November contracted by 4.85 per cent year-on-year to USD 32.11 billion, while the trade deficit widened to an all-time high of USD 37.84 billion due to a record surge in gold imports.

Aditi Nayar, Chief Economist ICRA Ltd, said such high levels of gold imports were likely driven by festive and marriage-related demand and are unlikely to sustain in the ensuing months, which would help to cool the upcoming merchandise trade deficit prints.

"The adverse trade deficit print for November 2024 will result in a sharper-than-expected widening in India's current account deficit in Q3 FY2025, to about 2.8 per cent of GDP as against earlier expectations of about 2 per cent, which will be the highest level in over two years," she said.

Think tank Global Trade Research Initiative (GTRI) said that service export values were higher than merchandise exports in November and this should not surprise anyone. Higher services growth has been a consistent trend and is now resulting in higher export values.

"Between FY2019 and FY2024, India's merchandise exports grew at a compound annual growth rate (CAGR) of 5.8 per cent, while services exports surged ahead at a robust CAGR of 10.5 per cent," GTRI founder Ajay Srivastava said.

At this rate, he said, by FY2030, services exports are expected to reach USD 618.21 billion, edging past merchandise exports, which are projected at USD 613.04 billion.

"Other Business Services will be the new star replacing IT from the top services exports position by 2030. The government needs to work out a core policy for realising the growth potential of this sector," he added.

Source: economictimes.com– Dec 16, 2024

HOME

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Raising GST on garments to impact small businesses, common man: TG Textile associations body

The Telangana State Federation of Textile Associations has cautioned against any move to increase Goods and Services Tax (GST) rate on garments as that would impact small businesses and burden the common man.

"We are writing to express concern regarding proposed hike in GST on garments priced ₹1,500-₹10,000 to 18% [from existing 12%] and [introduce] a 28% levy on garments priced above ₹10,000. Such steep hike on textile garments will have severe consequences for the industry and common people, TSFTA president Ammanabolu Prakash said in a letter to Union Finance Minister Nirmala Sitharaman.

Roti, kapada and makaan (food, clothing and shelter) are fundamental necessities of life. Imposing a higher rate of GST on garments will disproportionately impact the textile and garment industry, which is a vital contributor to economic growth as well as generates considerable employment, he said.

A higher levy will impact many small size textile and garment businesses that operate on thin margins, forcing them to rise prices resulting in lesser consumer demand and potential closure of the enterprises. More GST on garments would also lead to an increase in unorganised trade and tax evasion. Consumers would turn to informal material where taxes are not applicable thus reducing instead of leading to an increase in revenue.

In the letter, a copy which was marked to Union Coal and Mines Minister and MP from Secunderabad G .Kishan Reddy by the Federation, Mr. Prakash said with higher rates middle and lower income families will struggle to afford quality clothing.

No other commodity priced above ₹10,000 attracts GST, even the rate levied on gold and silver is 3%. The Textile trade leader said the appeal is being made in the backdrop of reports that the GST Council is considering an upward revision in the rate and a new rate slab on garments in its meeting later this month.

Source: thehindu.com– Dec 16, 2024

HOME

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CCI procures 31 lakh bales of cotton till mid-Dec

The Cotton Corporation of India (CCI) has procured over 31 lakh bales (170 kgs each) of the natural fibre crop at minimum support price (MSP) till mid-December, buying over a third of the total market arrivals in the ongoing 2024-25 marketing season.

"Till December 14, we have procured 31 lakh bales," said Lalit Gupta, Chairman and Managing Director, CCI. The State-run entity has launched the procurement operations across all States for the 2024-25 marketing season, while most of the purchases, so far, have been made in Telangana and Maharashtra.

As per the progressive procurement data, CCI has purchased over 19.94 lakh bales in Telangana till December 14, followed by 5.42 lakh bales in Maharashtra. In Andhra Pradesh over 1.8 lakh bales have been procured, so far, while in Karnataka the purchases stood at over 1.66 lakh bales.

In Gujarat, the largest cotton producing State, procurement by CCI stood at 88,506 bales, while in Madhya Pradesh the purchases stood at 86,882 bales. In Orissa, CCI's procurement stood at 21,148 bales, Rajasthan 13,507 bales, Haryana 5576 bales and Punjab 279 bales. In West Bengal, some 234 bales have been procured.

Set to top last year's buy

Raw cotton prices are ruling below the MSP levels on weak demand from yarn mills and also influenced by the bearish trend in the cottonseed prices. The Centre has declared MSP of ₹7,121 per quintal for the medium staple and ₹7,521 per quintal for the longer variety for the 2024-25 marketing season, an increase of 7 per cent over the previous year.

CCI had procured 33 lakh bales during the 2023-24 marketing season. CCI, which began procurement from Telangana in the second fortnight of October for the current marketing season, is all set to surpass last year's figures by a huge margin.

Gupta had earlier told businessline that CCI's procurement for the 2024-25 marketing season may range between 50-70 lakh bales of 170 kg each.

As per the trade body Cotton Association of India (CAI) data, the daily market arrivals have already crossed 2 lakh bales. On Monday, the arrivals stood at 2.126 lakh bales of 170 kg each and cumulative arrivals in the current season across the country stood at over 83.30 lakh bales.

Cotton production, as per the CAI estimates, during 2024-25 is seen lower by about 7 per cent at 302.25 lakh bales of 170 kg each over the previous year's 325.29 lakh bales on dip in acreages and adverse weather impacting the output in some States.

Source: thehindubusinessline.com– Dec 16, 2024

HOME

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North India cotton yarn prices stable, but comber rises in Panipat

North India's cotton yarn trade prices remained at previous levels amidst slow demand. The prices were stable in Delhi and Ludhiana over the past few days. Lower cotton prices also discouraged buyers from making new purchases. Market experts mentioned that diminished export demand and the Bangladesh factor are key reasons for the lower demand from the downstream industry.

The approaching year-end holidays also contributed to reduced trading and production activities. A similar trend was observed in Panipat's recycled yarn market. Recycled PC yarn remained stable amid lower buying interest, but cotton comber prices increased by ₹4-5 per kg. Traders suggested that higher exports of comber could drive prices up.

In Ludhiana, demand was lower as mills refrained from fresh buying due to lower cotton prices, with buyers anticipating a further decline. A trader from the Ludhiana market told Fibre2Fashion, "Spinning mills are facing headwinds in the cotton yarn export market due to price disparities.

India's traditional buyer, Bangladesh, is also encountering various issues, including payment problems, which affect the placement of orders for cotton yarn imports. Mills are hesitant to export to Bangladeshi buyers due to concerns about timely payments. Domestic cotton yarn demand is also below average."

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 a similar trend. Cotton yarn was traded at the previous levels. According to market sources, demand during the summer season remains slow. Exports of cotton yarn and fabric are also below average. Indian mills are facing price disparities due to the high cost of domestic cotton.

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, also experienced lower demand from the home furnishing value chain. However, demand from the garment industry compensated for this to some extent. Traders mentioned that demand from the downstream industry is very weak. Mills and traders are trying to hold prices at current levels. As a result, most recycled PC yarn varieties and counts traded at the previous levels, but cotton comber gained ₹4-5 per kg in the last few days. Traders noted that there is buzz about higher export demand from foreign markets.

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 was noted at ₹100-110 (approximately $1.18-1.20) per kg and recycled polyester fibre (PET bottle fibre) at ₹78-80 (approximately $0.95-0.97) per kg today.

In North India, cotton prices further dropped by ₹30-40 per maund of 37.2 kg as the market saw slow demand from spinning mills. The higher supply and limited procurement by the Cotton Corporation of India (CCI) also contributed to the bearish trade. Traders mentioned that spinning mills had imported cotton in large quantities due to a price drop in the global market. CCI is also purchasing just 20-25 per cent of the cotton that has arrived in the market. Limited buying by the government agency caused a decline in seed cotton prices, which fell below the minimum support price.

North India's cotton arrival was 22,000 bales of 170 kg, comprising 1,500 bales in Punjab, 6,500 bales in Haryana, 7,000 bales in upper Rajasthan, and 7,000 bales in lower Rajasthan. Cotton prices in Punjab ranged from ₹5,550-₹5,570 (approximately $65.97-66.21) per maund of 37.2 kg, while in Haryana, prices ranged from ₹5,550-₹5,560 (approximately $65.85-65.97).

In upper Rajasthan, cotton was priced between ₹5,550-₹5,570 (approximately $65.97-66.21) per maund. In lower Rajasthan, it was priced at ₹52,800-₹52,800 (approximately $629.04-640.84) per candy of 356 kg. Seed cotton was priced at ₹7,000-7,400 (approximately $83.79-88.51) per quintal of 100 kg.

Source: fibre2fashion.com– Dec 16, 2024

HOME

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French high-end clothing fabric manufacturer Dormeuil targets double-digit growth in India

Dormeuil, a French high-end clothing fabric manufacturer, anticipates double-digit annual growth in the Indian market.

According to Richard Boide, Managing Director of Dormeuil, India currently accounts for approximately 10 per cent of the company's total revenue.

Boide noted, "We have observed consistent double-digit growth in the last few years, and expect to continue achieving this level of growth every year for the next five years."

The company plans to expand its presence by partnering with select retailers in India.

Currently, the brand has partnered with P N Rao and has its products available in all eight P N Rao stores. Explaining the retail expansion strategy, Boide stated that Dormeuil plans to work only with selected retailers across India. "We have established partnerships with key players like P N Rao in major cities," he noted. "We have similar arrangements in other locations, including Delhi, which is a strong market for us due to its relatively cooler climate," he added.

Boide emphasised that Dormeuil aims to keep its distribution strategy selective, stating, "Our view is not to go too wide in the distribution of our products but focus on organic growth with our existing partners."
Bottlenecks

Elaborating on the challenges faced by the fabric industry, Boide pointed out that rising production costs in Europe are being driven by ongoing geopolitical tensions, particularly the conflict in Ukraine and unrest in the Middle East.

Boide also discussed the situation in the U.S., where most of the custom clothing is currently manufactured in China.

He pointed out that the looming threat of a U.S.-China trade war has prompted some American customers to seek alternative production options. “Some U.S. customers have already approached us to explore options in Europe, although the future remains uncertain.”

The brand, which offers nearly 5,000 SKUs globally, recently launched three new luxury fabrics – Forever Gold, Extreme Vicuna, and Pashmina – in collaboration with P N Rao.

Source: thehindubusinessline.com– Dec 16, 2024

HOME

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