IBTEX No. 197 of 2024 December 18, 2024

| Currency Watch | | | |
|---|---|---|---|
| USD | EUR | GBP | JPY |
| 84.92 | 89.22 | 107.89 | 0.55 |

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# INTERNATIONAL NEWS

## How Tariffs, Downstream Demand and Inflation Could Impact the Cotton Market

The leading concern in the cotton industry and beyond is demand. Rising interest rates, inflation and recession fears have created a cautious retail industry and a demand slump, with slowed consumer spending leading to lower order placements and decreased mill use in the cotton industry. Compared to food crops like corn and wheat, cotton is more at the mercy of the macroeconomic climate since the associated consumer spending is largely discretionary.

But the state of cotton is not all bad news, as Cotton Incorporated's senior economist Jon Devine explained to Alex Harrell, staff writer at Sourcing Journal, during a recent fireside chat. Cotton supply is strong, which mixed with lower demand has created a price softening for the fiber. It has also ushered in more stability.

"In the cotton market, as many financial markets, there's been incredible volatility over these past several years, as we're continuing to digest the trade dispute, Covid, the shipping crisis and everything that went on after Covid," said Devine. "And it looks like now we are moving into [a] more stable environment, which should allow for more planning and hopefully more profitability, particularly once the demand starts to tick a little bit higher."

What has a less stable outlook is trade policy in the United States. As President Trump returns to the Oval Office, one top-of-mind issue is tariffs, with the industry watching to see potential changes. Should more tariffs be levied on Chinese goods, Devine noted that China could retaliate with its own duties on U.S. imports, including cotton.

China is the leading destination for U.S.-grown cotton, as the manufacturing powerhouse relies heavily on international cotton imports. Should U.S. fiber raise in price, China may look to source its cotton from other markets, which could force U.S. cotton to look elsewhere for exports.

On a positive note, the threat of tariffs could lead companies to push shipments earlier, in turn boosting order placement.

"It's been no secret that this incoming administration likes to play with trade policy, and they've been saying that they are looking at increasing tariffs, not only on China, but also across the board," said Devine. "So, there's still a lot of wait and see in terms of what might happen, but there certainly also is the potential for disruption."

Source: sourcingjournal.com– Dec 17, 2024

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# USA: Here's the Real Story Behind November's US Retail Sales Gain

November's sales data reflects American consumers' willingness to spend amid a retail backdrop that incentivizes purchases by deals and discounts.

U.S. retail sales for last month rose 0.7 percent to $724.6 billion, representing a 3.8 percent gain from year-ago levels. Retail trade sales for November rose 0.9 percent, and were up 4.1 percent from last year's figures. Retail sales for the month were helped by a strong 2.6 percent jump in auto sales. Excluding autos, retail sales rose just 0.2 percent.

Fashion sales slipped in November as apparel and accessories retailers saw sales slip 0.2 percent to $26.32 billion, and sales at department store retailers were down 0.6 percent to $10.82 billion. Sales at nonstore retailers, the category that includes e-commerce sites, saw sales rise 1.8 percent to $127.1 billion.

"In the early days of the holiday shopping season, U.S. consumers drove a nearly 4 percent increase in November retail sales relative to 2023, albeit with continued mixed results across discretionary categories," David Silverman, Fitch Ratings' senior director said.

And while overall retail sales reflect shoppers' resilience to headwinds such as inflation and rising interest rates, Silverman said consumers have been spending selectively, which has been reflected through softer results in categories that include consumer electronics and apparel.

"November is increasingly a difficult month to analyze on its own, as retailers introduce holiday promotions earlier and earlier, but these reported figures suggest a generally reasonable start to the season," Silverman said.

He noted that many retailers spoke about taking a cautious approach to the holidays in their third quarter earnings' conference calls, which could indicate manageable inventory levels and disciplined expense management. "Post the holidays, all eyes will be turned toward the new presidential administration and the impact of topics like tariffs, immigration and taxation on consumer confidence and spending," he concluded.

"With the elections behind us and following a strong October, consumers maintained optimism, driving impressive retail spending in November," said Chip West, RRD's retail and consumer behavior expert, who added that lower fuel prices likely freed up greater purchasing power. "Retailers' widespread promotions further incentivized purchases, as price-conscious consumers capitalized on deals and discounts."

West said the positive overall data appears to bode well for December as consumers seek out last minute deals to get those final gifts for holiday.

The National Retail Federation (NRF), a retail trade organization, has forecasted that holiday sales this year will grow 2.5 percent to 3.5 percent over last year's levels.

"Job and wage gains, modest inflation and a heathy balance sheet have led to solid holiday spending," Jack Kleinhenz, NRF's chief economist, said. "The season's pace of spending is clearly on track to reach our forecast."

Wells Fargo economists Tim Quinlan and Shannon Seery Grein said in a research note that the data suggests that holiday sales are tracking in its forecast range of just over 3 percent. The economists are expecting 2024 to be a "decent" holiday sales season for retailers.

The two cautioned that despite the easing of inflationary pressures, still-high prices have eroded household purchasing income and new challenges in the form of tariffs could impact price pressures in 2025, resulting in slower consumption as the year progresses.

Source: sourcingjournal.com– Dec 17, 2024

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# Xinjiang cotton still haunts global supply chains, a complex balancing act for brands

The fashion industry continues to grapple with the complexities of sourcing cotton from Xinjiang, China, amidst allegations of forced labor. While many brands have pledged to avoid Xinjiang cotton, recent tests reveal its presence in nearly 20 per cent of apparel sold by major retailers in the US and worldwide. This raises concerns about the efficacy of current supply chain tracing mechanisms and the ability of brands to adhere to ethical sourcing standards.

Navigating the backlash and supply chain obfuscation

Japanese clothing company Fast Retailing owners of brand Uniqlo, recently faced backlash from Chinese consumers after its CEO stated the company does not use Xinjiang cotton. The Xinjiang Cotton Association issued a statement to refute claims on forced labor in response to remarks made by Tadashi Yanai, CEO of Fast Retailing, parent company of global fashion brand Uniqlo, in an interview with the BBC on November 28, in which he said his company is not using cotton from Xinjiang. The Association emphasized that Xinjiang cotton is one of the best in the world and strongly opposes the US using the so-called "forced labor" claims and other baseless reasons to discredit and boycott Xinjiang cotton and its products.

This incident highlights the tightrope brands walk between adhering to ethical standards and maintaining access to the lucrative Chinese market. Uniqlo's case also exemplifies the challenges of ensuring transparency in complex global supply chains. While the company claims to avoid Xinjiang cotton, one of its major suppliers, Lu Thai Textile, has historical ties with the region. Although recent reports suggest Lu Thai may have shifted its sourcing practices, the case underscores the difficulty of guaranteeing the origin of materials in multi-tiered supply chains.

All about sourcing and loopholes

The UFLPA, enacted in 2022, closed a loophole that allowed goods under $800 to enter the US without thorough customs checks. This loophole was previously exploited to import Xinjiang cotton by shipping it in small packages, bypassing scrutiny.

However, new methods of obfuscating the origin of Xinjiang cotton have emerged. One tactic involves exporting Xinjiang cotton to intermediary countries, where it is blended with local cotton and manufactured into finished goods. This makes it nearly impossible to trace the cotton back to its origin, effectively circumventing the UFLPA.

**Table: Key players and their stance on Xinjiang cotton**

| Brand | Stance on Xinjiang cotton | Challenges |
|---|---|---|
| Uniqlo | Claims to avoid Xinjiang cotton | Supply chain ties to Lu Thai Textile, facing backlash from Chinese consumers |
| H&M, Adidas, Nike, Burberry | Publicly distanced themselves from Xinjiang cotton | Potential presence of Xinjiang cotton in supply chains despite efforts to avoid it |
| Lu Thai Textile | Previously sourced exclusively from Xinjiang, now claims to source cotton overseas | Transparency concerns, historical ties to Xinjiang raise questions about current sourcing practices |

It maybe noted that in 2021, Xinjiang accounted for 85 per cent of China's cotton production and nearly 25 per cent of global supply. However, following forced labor allegations, the China Cotton Association estimated an 8 per cent drop in Xinjiang's cotton production in 2023 and a 5 per cent reduction in planting areas. Tests reveal traces of Xinjiang cotton in nearly 20 per cent of apparel sold by major retailers globally, despite efforts to avoid it.

The issue of Xinjiang cotton continues to challenge global brands. Balancing ethical sourcing with maintaining market access in China requires a delicate approach. While regulations like the UFLPA aim to prevent the import of goods linked to forced labor, the complexity of global supply chains and the emergence of new methods to obfuscate the origin of materials highlight the need for ongoing vigilance and stricter enforcement. The question remains: can brands truly guarantee their products are free from Xinjiang cotton, and can consumers trust those claims?

Source: fashionatingworld.com– Dec 17, 2024

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# UK's clothing exports down 6% to $308 mn in October 2024

In October 2024, the United Kingdom's clothing exports totalled £308 million (~$389.16 million), reflecting a 6.09 per cent decline compared to £328 million in the same month the previous year. However, there was also a month-on-month increase from the September 2024 figure of £249 million, according to the UK’s Office for National Statistics (ONS).

The UK's textile fabric exports in October 2024 increased by 3.82 per cent to £244 million, compared to £235 million in October 2023. There was also a month-on-month increase from September 2024’s figure of £221 million. Fibre exports in October 2024 totalled £66 million, up from £53 million in October 2023 as well as September 2024.

During the third quarter of 2024, clothing exports totalled £771 million, compared to £927 million in Q3 2023 and £837 million in Q2 2024. Exports of textile fabrics and fibres in the same quarter were £652 million and £166 million, respectively. Textile fabric exports stood at £646 million in Q3 2023 and £710 million in Q2 2024, while fibre exports were £163 million in Q3 2023 and £172 million in Q2 2024.

In 2023, total clothing exports dropped to £3.772 billion (~$4.88 billion) from £3.931 billion in 2022 and £4.263 billion in 2021. Exports of textile fabrics and fibres in 2023 were £2.737 billion and £667 million, respectively, compared to £2.716 billion and £616 million in 2022.

Source: fibre2fashion.com– Dec 18, 2024

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# ICE cotton ends lower despite initial gains from weaker dollar

ICE cotton closed lower on Monday after initial gains due to a weaker dollar index and short covering. Trading activities were thin ahead of the Christmas holidays. The market is expected to see limited trading and shipping activities in the coming sessions. Yesterday, the ICE cotton March 2025 contract settled at 69.06 cents per pound (0.453 kg), down by 0.21 cents. The contract has posted a cumulative loss of 109 points over the last three sessions and has seen a decline in ten of the past 11 sessions. The contract has lost 287 points in the last 11 sessions. Other contracts slipped 10 to 34 points in the last session, with net losses ranging from 217 to 314 points.

The trading volume was light at 23,010 contracts, the lowest since August 2, although other sessions since then have seen similar volumes. On Friday, 26,301 contracts were cleared. As of December 13, ICE deliverable No. 2 cotton contract stocks remained unchanged at 20,113 bales. According to a report by the Commodity Futures Trading Commission (CFTC) for the week ending December 10, speculators increased their net short positions in ICE cotton futures and options by 4,503 contracts to a total of 38,736 contracts.

Market analysts said that a close above 70 cents could lead to a technical rally towards 71 cents before Christmas, but the market did not achieve this level. Market activity is expected to remain subdued during the Christmas week, after Christmas, and into January. The lack of shipments is a key factor adding pressure to the cotton market. The market's 11-session trend and pre-holiday light trading suggest continued weakness unless significant demand or shipment activity emerges.

Currently, ICE cotton for March 2025 is traded at 69.07 cents per pound (up 0.01 cent). Cash cotton is traded at 65.56 cents (down 0.21 cents), the May 2024 contract at 70.24 cents per pound (up 0.02 cent), the July 2025 contract at 71.28 cents (up 0.01 cent), the October 2025 contract at 69.87 cents (down 0.32 cent), and the December 2025 contract at 70.28 cents (down 0.05 cents). A few contracts remained at the level of the last closing, with no trading noted today.

Source: fibre2fashion.com– Dec 17, 2024

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# Global cotton yarn market to grow at 4.10% CAGR from 2024-2032: SNS Insider

Valued at $81.95 billion in 2023, the global cotton yarn market is projected to grow at a CAGR of 4.10 per cent from 2024-2032 to $117.69 billion by 2032. As per a report by SNS Insider, this growth is likely to be fueled by an increasing demand for sustainable, high-quality textiles across fashion, home furnishings, and industrial applications. The shift toward eco-friendly production and the rising popularity of organic cotton yarn, which eliminates synthetic pesticides and fertilisers, are driving advancements in the market.

Enhancing the market for eco-friendly yarn, sustainability initiatives such as the Better Cotton Initiative (BCI) are promoting responsible cotton farming across the globe. In 2023, the carded yard segment held approximately 48 per cent share in the global cotton market on account of its cost-effectiveness and suitability for basic textiles and garments. Meanwhile, driven by a demand for premium apparel and home textiles, particularly in the developed markets, the combed yarn segment is growing at the fastest.

In 2023, propelled by the fashion industry's need for breathable and comfortable fabrics, demand in the cotton sector was dominated by apparel segment with over 60 per cent market share,

Cotton yarn is widely used in producing T-shirts, shirts, jeans, and other garments. The home textiles segment, including bed linens, curtains, and towels, also grew as rising disposable incomes boosted spending on home improvement. Additionally, industrial textiles are being increasingly adopted in the automotive and medical segments.

Driven by thriving textile industries in China, India, Bangladesh, and Vietnam, Asia-Pacific led the global cotton yarn market in 2023 with a 52 per cent share. India's abundant raw cotton supply and government schemes like TUFS supported its leadership. In North America, demand for organic cotton yarn rose, particularly in the US and Canada, where consumers favor sustainable textiles.

Source: fashionatingworld.com– Dec 17, 2024

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# Migrant workers key to global labour market, ILO urges policy changes

International migrants continue to play a crucial role in the global labour market, representing 4.7 per cent of the labour force in 2022, according to the latest report by the International Labour Organization (ILO).

The 'ILO Global Estimates on International Migrant Workers', reveals that 167.7 million migrants were part of the labour force of their destination countries in 2022, with around 102.7 million men and about 64.9 million women. This represents an increase of 30 million since 2013, mainly observed between 2013-2019.

The majority of migrants in the labour force were concentrated in high-income countries, 68.4 per cent of the total (114.7 million people), followed by 17.4 per cent (29.2 million) in upper-middle-income countries. The largest part of migrants was concentrated in Northern, Southern, and Western Europe; Northern America; and the Arab States.

The share of migrants in the labour force living in Northern, Southern, and Western Europe increased from 22.5 per cent in 2013 to 23.3 per cent in 2022. In contrast, slight declines were observed in the share of migrants of Northern America and the Arab States.

Of the 167.7 million migrants in 2022, 155.6 million were employed, while 12.1 million were unemployed. Migrant women had an employment to population ratio of only 48.1 per cent, compared to 72.8 per cent for migrant men.

Migrants faced a higher unemployment rate of 7.2 per cent compared to non-migrants at 5.2 per cent, with migrant women at around 8.7 per cent, experiencing higher unemployment levels than men at about 6.2 per cent.

The report emphasises the complexities of labour migration and need for policies to support migrants.

These include improving access to decent work opportunities and ensuring the protection of migrant workers. Ensuring equitable access to employment opportunities and inclusive labour markets is a policy priority, it concludes.

“Migrant workers are indispensable in addressing global labour shortages and contributing to economic growth. Ensuring their rights and access to decent work is not only a moral imperative but also an economic necessity,” said ILO director-general, Gilbert F Houngbo.

Source: fibre2fashion.com– Dec 17, 2024

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# Pakistan: Cotton market remains steady with improved volume

The local cotton market on Tuesday remained steady and the trading volume improved a little bit.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs16,000 to Rs17,800 per maund. The rate of Phutti in Sindh is in between Rs6,500 to Rs7,600 per 40 kg.

The rate of cotton in Punjab is in between Rs16,500 to Rs17,700 per maund. The rate of Phutti in Punjab is in between Rs7,500 to Rs8,800 per 40 kg.

The rate of cotton in Balochistan is in between Rs16,500 to Rs17,300 per maund. The rate of Phutti in Balochistan is in between Rs7,400 to Rs9,200 per 40 kg. The rate of Balochi Cotton is in between Rs18,500 to Rs18,800 per maund. The rate of Primark cotton is Rs18,800 to Rs18,900 per maund.

600 bales of Dharki, 600 bales of Ghotki, 400 bales of Ubaro (Primark) were sold at Rs18,600 to Rs18,700 per maund, 400 bales of Dadu, 400 bales of Saleh Pat, 200 bales of Hasil Pur were sold at Rs17,200 per maund, 600 bales of Hasil Pur were sold in between Rs18,600 to Rs18,700 per maund (Primark), 400 bales of Khair Pur were sold at Rs18,000 per maund (stock), 200 bales of Mian Wali were sold at Rs17,300 per maund, 800 bales of Fort Abbas were sold at Rs17,125 to Rs17,200 per maund, 200 bales of Chichawatni were sold at Rs17,200 per maund (stock), 400 bales of Khanewal were sold at Rs17,200 per maund and 800 bales of Yazman Mandi were sold at Rs 16,800 per maund.

The Spot Rate remained unchanged at Rs17,300 per maund. Polyester Fiber was available at Rs357 per Kg.

Source: brecorder.com– Dec 18, 2024

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# Pakistan: Textile exports jump to $7.6bn

The textile and clothing exports increased 10.51 per cent in the first five months of the current fiscal year, Pakistan Bureau of Statistics data showed on Tuesday.

After contracting 3.09pc in the first month of 2024-25 in July, the textile exports maintained a bullish trend with robust growth of 13pc in August, 17.92pc in September, 13.11pc in October, and 10.81pc in November, respectively.

Many experts believe it would take a lot of struggle for the sector to compete with regional rivals due to the implementation of harsh taxation measures in the current fiscal year. However, the disruption in supply from Bangladesh has also boosted demand for Pakistani garments.

Textile and clothing exports have been static for the last two years despite having a $25 billion installed capacity due to structural issues, according to textile players.

In absolute terms, the textile and clothing exports rose 10.61pc to $7.61bn in July-November FY25 from $6.88bn in the corresponding period last year.

The government has introduced various measures, including increasing the tax rate on exporters' personal income in 2024-25.

The PBS data showed exports of readymade garments rose 23.10pc in value and 13.61pc in quantity during 5MFY25, while knitwear rose 18.42pc in value and 8.87pc in quantity. Bedwear grew 15.05pc in value and 14.86pc in quantity.

Towel exports rose 7.08pc in value and 6.90pc in quantity 5MFY25, whereas cotton cloth went up 4.18pc in value and contracted 2.09pc in quantity, respectively.

Yarn exports dipped 38.70pc in 5MFY25. The exports of made-up articles, excluding towels, increased by 11.61pc, and tents, canvas and tarpaulin went up by 9.63pc in 5MFY25. No export of raw cotton was recorded during the period under review.

The import of synthetic fibre shrank 18.20pc, and the arrival of synthetic and artificial silk yarn increased by 4.30pc. However, other textile items' import increased by 68.73pc the period under review.

The import of raw cotton surged 104.33pc from a year ago. However, the import of second-hand clothes grew 20.22pc.

In July-November FY25, the country's total exports increased by 12.82pc to $13.72bn, up from $12.16bn in the same months last year.

Source: dawn.com– Dec 18, 2024

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# NATIONAL NEWS

## Giriraj Singh invited Japanese brand Uniqlo to invest in PM's Mega Integrated Textile Region and Apparel (PM MITRA) Parks

The Hon'ble Minister of Textiles held a pivotal meeting with senior officials from Uniqlo, facilitated through Invest India, reaffirming the shared commitment to strengthening India's textile sector.

This engagement follows Uniqlo's earlier interaction with the Hon'ble Prime Minister, highlighting their keen interest in collaborating with India's textile industry to enhance cotton production capabilities, productivity, and quality. This meeting underscores the synergy between Uniqlo's vision and India's goal of fostering a globally competitive and sustainable textile sector.

With 15 stores across the country and a retail revenue of ₹814 crore as of March 31, 2024, Uniqlo has demonstrated a robust growth rate of 30%, contributing substantially to the retail and textile ecosystem in India.

Their operations, including collaboration with 18 swing factories and 6 fabric mills sourced from 9 vendors, underline their commitment to quality and innovation in textiles.

Uniqlo has expressed a keen interest in advancing cotton production capabilities, productivity, and quality within India. As the world's largest cotton producer, cultivating over 11.9 million hectares, India provides an ideal landscape for such initiatives. India already utilizing high-density quality seeds in Akola where productivity levels are up to 1,500 kg/hectare.

The company's pilot project is also working on similar lines where the productivity and quality levels are yielding up to 1,000 kg/hectare. The Ministry is committed to supporting Uniqlo's request for land to scale this initiative, reflecting a shared vision of making India a global hub for high-quality cotton sourcing.

In alignment with India's textile growth targets, reaching a market size of $350 billion and $100 billion in exports by 2030, the Ministry has extended an invitation to Uniqlo to invest in the Prime Minister's Mega

Integrated Textile Region and Apparel (PM MITRA) Parks. These parks offer a ready-to-perform ecosystem with a Build-to-Suit model, ensuring seamless integration for companies seeking sustainable and efficient operations.

Uniqlo's participation in the upcoming "Bharat Tex" Global Textile Expo in February will further underscore the shared commitment to fostering innovation, sustainability, and traceability in the textile sector.

With global attention focused on sustainable and traceable practices, the Ministry has encouraged Uniqlo to extend its research and development efforts into new natural fibers, including milkweed fiber aligning with India's own initiatives in this critical area.

The Ministry remains confident that this partnership will bolster India's end-to-end textile value chain, strengthen the women-led economy, and elevate India's position as a global textile leader.

Source: pib.gov.in– Dec 17, 2024

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# India's T&A exports grow further to reach $23 bn in Nov 2024

India's textile and apparel (T&A) exports continued to rise for the third consecutive month in November 2024, demonstrating sustainable export demand for Indian textiles and apparel. India may have benefitted from export orders diverted from Bangladesh. The cumulative trade in the first eight months of the current fiscal (April-October 2024) showed notable improvement, with exports rising by 6.93 per cent to reach $23.331 billion during this period.

November 2024 recorded robust growth, with exports increasing by 5.81 per cent. Apparel exports, in particular, surged by 9.81 per cent, indicating a continued recovery following a prolonged period of sluggish foreign trade. However, the growth rate of exports was slightly lower in November compared to the previous month.

Textile exports grew by 3.90 per cent to $13.477 billion in the first eight months of FY25, compared to $12.972 billion in the same period of the previous year. Apparel exports rose by 11.39 per cent, reaching $9.853 billion, up from $8.846 billion in the corresponding period last fiscal. The share of T&A in India's total merchandise exports increased to 8.21 per cent during this period, according to the Ministry of Commerce and Trade.

Within the textile sector, exports of cotton yarn, fabrics, made-ups, and handloom products increased modestly by 1.70 per cent, reaching $7.863 billion in the first eight months of this fiscal. Exports of man-made yarn, fabrics, and made-ups rose by 4.42 per cent to $3.188 billion, while carpet exports saw a significant increase of 10.97 per cent to $1,015.31 million.

In November 2024, T&A exports totalled $2.610 billion. Textile exports rose by 2.99 per cent, reaching $1.489 billion, up from $1.446 billion in November 2023.

Garment shipments grew by 9.81 per cent, totalling $1.121 billion, compared to $1.021 billion in November 2023. Under textiles, the export of cotton yarn, fabrics, made-ups, and handloom products grew by 2.02 per cent to $872.20 million, while man-made yarn, fabrics, and made-ups exports surged by 4.88 per cent to $345.59 million. Carpet exports also increased, rising by 2.39 per cent to $122.79 million.

Imports of raw cotton and waste climbed by 65.31 per cent to $775.83 million in April- November 2024, compared to $469.33 million in the same period of 2023. Imports of textile yarn, fabrics, and made-ups increased by 5.48 per cent, rising from $1,546.80 million to $1,631.50 million. The import of raw cotton and waste surged by an astonishing 457.76 per cent, from $30.61 million to $170.73 million. Similarly, imports of textile yarn, fabrics, and made-ups rose by 15.91 per cent to $224.47 million in November 2024.

In FY24, India's textile and apparel exports amounted to $34.430 billion, a 3.24 per cent decline from $35.581 billion in FY23. Apparel exports dropped by 10.25 per cent, falling to $14.532 billion from $16.190 billion. Conversely, textile exports grew by 2.62 per cent, reaching $19.898 billion from $19.390 billion in FY23.

India's imports of raw cotton and waste were valued at $598.63 million in FY24, a 58.39 per cent decrease from $1,439.70 million in the previous fiscal. Imports of textile yarn, fabrics, and made-ups also declined by 12.98 per cent to $2,277.85 million, compared to $2,617.74 million in FY23.

Source: fibre2fashion.com – Dec 17, 2024

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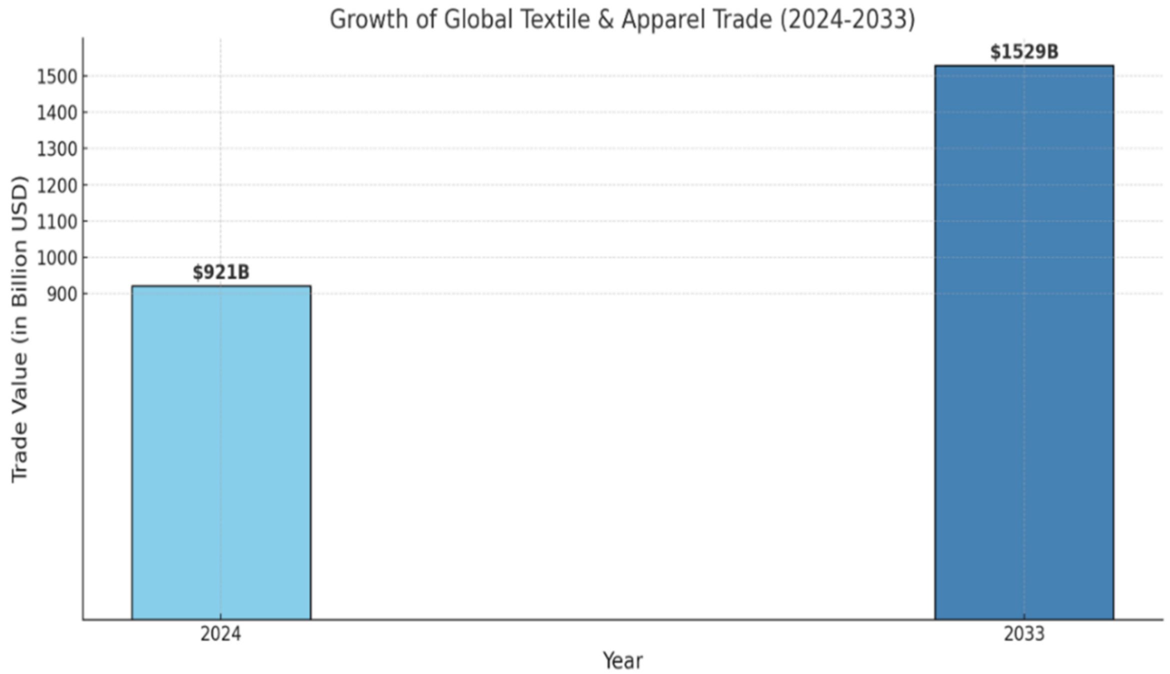
# India's Textile Industry at a Turning Point: Poised to Capitalize on $1.53 Tn Global Market by 2033

The global textile and apparel (T&A) industry is projected to expand at a compounded annual growth rate (CAGR) of 5.8 percent to reach $1.53 trillion by 2033. India is at a critical juncture in the global T&A landscape, poised to harness its vast potential as a leading textile hub.




The Textile & Apparel 360° Report 2024, released by Groyyo Consulting, offers a sweeping analysis of the T&A industry, spotlighting transformative trends and India's growing stature in this dynamic sector. The report delves into India's dual role as both a rising exporter and importer, highlighting mixed performance trends and key growth drivers.

Global Landscape of Textile & Apparel Trade

The global T&A market is experiencing unprecedented growth, fueled by evolving consumer demands, technological advancements, and sustainable practices. China continues to dominate the landscape, contributing 30 percent of global apparel trade, with exports worth $154 billion in 2023. Meanwhile, the EU-27 remains the largest importer, accounting for 41 percent of readymade garment (RMG) imports, with import values at $183 billion. The US follows as the second-largest importer, with imports worth $82 billion.

Regional Export Powerhouses

China's leadership in yarn and fabric exports remains unchallenged, but nations like Bangladesh and Vietnam are carving significant niches in apparel exports. Regional partnerships and supply chain optimizations are becoming pivotal, unlocking growth potential across value chains. Bangladesh, for instance, has leveraged its competitive manufacturing capabilities and preferential trade agreements to solidify its position as a global apparel hub.

Shifts in Global Supply Chain Dynamics

The report underscores the growing importance of regional trade agreements and nearshoring trends. Countries are rethinking their supply chain strategies, emphasizing resilience and efficiency amid geopolitical shifts and post-pandemic recovery. These developments present significant opportunities for emerging markets to capture larger shares of global trade.

Export Highlights

India's share in global T&A exports currently stands at 4 percent. While the nation has demonstrated growth in yarn (2 percent) and fabric (1 percent) exports between 2019 and 2023, fiber exports have declined by 4 percent over the same period. This dip is expected to reverse as Indian manufacturers tap into improving export opportunities. Indian apparel exports primarily cater to markets like the US, UK, and UAE, emphasizing the need for diversification into newer geographies.

Import Shifts

India's import patterns reveal an intriguing narrative. Textile yarn imports surged by 11 percent between 2019 and 2023, driven by growing demand for synthetic fibers and fabrics.

Conversely, fiber imports declined by 5.6 percent, reflecting increasing domestic production capabilities. Government policies, including anti-dumping duties, have been instrumental in protecting homegrown industries and reducing dependency on imports.

Growth Prospects and Policy Impact

India's "Make in India" initiative is driving transformative growth in the T&A sector, bolstered by the Production Linked Incentive (PLI) Scheme. This policy encourages the production of man-made and technical textiles, enhancing export capabilities and reducing import dependency. Furthermore, the strategic emphasis on digital capacity building for Small and Medium Enterprise (SME) manufacturers is fostering innovation, improving efficiency, and enabling inclusive growth. Initiatives like these are vital for positioning India as a regional hub for sustainable and technical manufacturing.

Key Trends Shaping the Global T&A Industry

The report identifies several pivotal trends that are reshaping the global T&A sector:

1. Sustainability as a Core Strategy

With growing consumer awareness and regulatory pressures, sustainability is no longer optional. Brands and manufacturers are prioritizing eco-friendly materials, ethical sourcing, and circular fashion practices. Countries like India are uniquely positioned to lead this movement, with initiatives aimed at sustainable cotton production and waste reduction in textile manufacturing.

2. Localization and Regional Collaboration

Localization is emerging as a key strategy, with nations focusing on strengthening regional supply chains to mitigate risks and enhance efficiency. India's proximity to major markets like the Middle East and Africa offers significant advantages, enabling faster turnarounds and reduced logistics costs.

3. Innovation in Technical Textiles

Technical textiles are gaining traction across sectors, from healthcare to automotive and infrastructure. India's investments in research and development (R&D) and the establishment of technical textile parks are creating new opportunities for growth and innovation in this high-value segment.

4. Digital Transformation

Digitalization is revolutionizing the T&A sector, from predictive analytics in inventory management to AI-driven design processes. Indian manufacturers are increasingly adopting digital tools to enhance operational efficiency and cater to global markets effectively. Digital capacity building, particularly for SMEs, is a crucial enabler of this transformation.

5. Shifts in Consumer Preferences

Evolving consumer preferences are driving demand for customization, transparency, and sustainability. Brands are leveraging data analytics to understand and respond to these trends, creating tailored offerings that resonate with modern consumers.

Industry Leaders Weigh In

Commenting on the findings, Pratik Tiwari, Co-Founder of Groyyo remarked, “This report demonstrates India’s increasing integration into the global textile ecosystem, offering significant opportunities for businesses to tap into new markets and drive sustainable growth.”

Abhishek Yugal, Managing Partner at Groyyo added, “The global textile industry is evolving rapidly, and India has the opportunity to emerge as a leader by focusing on high-value products and sustainable practices. By leveraging digital technologies and capitalizing on government initiatives, Indian manufacturers can achieve significant growth in exports and redefine their role in the global supply chain.”

Navigating Challenges and Unlocking Opportunities

While the growth prospects are promising, the industry faces challenges, including rising raw material costs, labor shortages, and environmental concerns. Addressing these issues requires collaborative efforts from stakeholders across the value chain.

1. Enhancing Competitiveness

India must focus on improving productivity and quality standards to compete with established players like China, Bangladesh, and Vietnam.

Investments in skill development and infrastructure are critical to achieving this goal.

2. Scaling Sustainable Practices

Sustainability should be integrated into every aspect of the value chain, from sourcing raw materials to manufacturing and distribution. Collaborative initiatives involving governments, brands, and NGOs can drive meaningful progress.

3. Diversifying Export Markets

Expanding into non-traditional markets is essential for reducing dependency on key regions like the US and EU. India's strategic ties with Africa, Southeast Asia, and Latin America offer untapped growth potential.

A Roadmap for the Future

As the global T&A market races toward $1.5 trillion, India's ability to adapt, innovate, and lead will determine its success in this rapidly evolving landscape. With robust policies, strategic investments, and a commitment to sustainable practices, the nation is well-positioned to redefine its role in the global textile and apparel trade.

Source: indianretailer.com– Dec 17, 2024

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# Govt allays concerns of retailers on predatory pricing by quick commerce giants

The Government has assured Parliament that it is actively monitoring the impact of e-commerce and quick commerce platforms on small retailers and traditional kirana stores, emphasizing measures to ensure a level playing field in the sector.

In a written response to a Lok Sabha question, Minister of State for Commerce and Industry, Jitin Prasada, highlighted the government's focus on protecting small businesses from anti-competitive practices, including predatory pricing and exclusive supplier tie-ups.

Regulatory Framework in Place

The Minister detailed that the e-commerce sector operates under a robust legislative framework, citing key regulations such as the Competition Act, Consumer Protection Act, Foreign Exchange Management Act, Consumer Protection (E- commerce) Rules, Information Technology Act, 2000, Payment and Settlement Systems Act, 2007 and Foreign Direct Investment (FDI) Policy. He underlined the government's commitment to addressing unfair practices by leveraging these laws and promoting initiatives like the Open Network for Digital Commerce (ONDC), which democratizes digital commerce for small and medium businesses.

"ONDC makes e-Commerce more inclusive wherein small and medium-sized businesses can use any ONDC compatible applications instead of being governed by specific platform centric policies. This provides multiple options to them to be discoverable over network and conduct business. It also encourages easy adoption of digital means by the small retailers and traditional kirana stores, who may be currently not on digital commerce networks", Prasada said.

E-Commerce Under Watch

Responding to allegations of predatory pricing and exclusive tie-ups by large e-commerce firms, Prasada confirmed that the Director General of Investigations at the Competition Commission of India (CCI) is probing complaints against these entities. The complaints have raised concerns about unfair price advantages and bulk purchasing power that threaten the survival of smaller retailers.

The probe comes amidst increasing scrutiny of quick commerce giants like Blinkit, Zepto, and Swiggy's Instamart, which have been accused of selling products at steep discounts, disrupting the traditional retail ecosystem.

Industry experts have noted parallels with past cases, such as Reliance Jio's market entry in telecom, where similar predatory pricing allegations were dismissed due to a lack of market dominance. "Predatory pricing provisions under the Competition Act apply only when dominance is established. In this evolving quick commerce market which is hyper-competitive with multiple players, no single player currently holds significant market power," said a competition law expert.

Retailers Seek Fair Treatment

Traditional retail bodies, such as the All India Consumer Products Distributors' Federation (AICPDF), have expressed dissatisfaction, claiming that quick commerce firms' practices are creating an uneven playing field. AICPDF President Dhairyashil Patil recently reiterated calls for a review of these platforms' operational models, particularly the use of "dark stores" and inventory control mechanisms.

"These practices, coupled with foreign ownership concerns, warrant a comprehensive review to safeguard small retailers and ensure fair competition," Patil stated. However, experts argue that foreign funding concerns fall outside the purview of the CCI and require policy-level intervention.

The outcome of the CCI investigation will be crucial in determining the future of competition dynamics in the quick commerce sector. With the industry expected to grow further, balancing innovation with fairness will remain a key challenge.

As regulatory scrutiny intensifies, the government's commitment to protecting small retailers while fostering digital innovation will be critical in shaping the e-commerce and quick commerce landscape, said economy watchers.

Source: thehindubusinessline.com – Dec 18, 2024

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# Compared to 2021-22, India's cotton textile exports decline by 29%

India exported $12258 million worth of cotton textiles in 2023-24, a decline of almost 29 percent when compared to the export figures of 2021-22, States data tabled in the Rajya Sabha during the ongoing winter session.

Compared to the $17166 million worth of exports clocked in 2021-22, the quantum of cotton fabrics and madeups exported from India during 2023-24 fell by 19 percent, while cotton yarn saw a decline of 31 percent the same year, states data provided by Minister of State Pabitra Margherita as part of a written reply provided to a question asked by MP Parimal Nathwani. The exports of raw cotton too declined by 60 percent. However, the exports of other textile yarns and madeups during 2023-24 saw an increase of 12 percent.

From a high of $17166 million in 2021-22, India's exports had plummeted to $11085 million in 2022-23. Thereafter, the next fiscal the value of exported goods rose by 11 percent. United States, Bangladesh, China, Sri Lanka and UAE are some of the markets where Indian cotton textiles get exported to. Gujarat, which accounts for almost 30 percent of India's cotton textile exports saw exports dip from a high of $4760 million in 2021-22 to $3615 million in 2023-24.

Cotton production

In cotton production, Gujarat leads major states with the State crossing a production of 90 lakh bales of 170 kilograms each during the period between October-September 2023-24.

Between 2021-22 and 2023-24, Gujarat saw a 20 percent rise in cotton production. In comparison, Maharashtra , the second largest cotton producer saw production decline by two percent to 80 lakh bales in 2023-24. Telangana stood a distant third with 51 lakh bales during the October-September 2023-24 period.

In the written reply, the government stated that for boosting exports it is implementing a scheme for Rebate of State and Central Taxes and Levies (RoSCTL) on exports of Apparel/Garments and Made-ups.

Further, textiles products not covered under the ROSCTL are covered under Remissions of Duties and Taxes on Exported Products (RoDTEP) along with other products.

The ministry is also supporting Export Promotion Councils/Associations in organising a Mega Textile Show i.e. BHARAT TEX 2025 in February, 2025 to showcase the strength of the Indian textiles value chain, highlighting the latest progress/ innovations/ trends in textile & fashion Industry and positioning India as the most preferred destination for sourcing and investment in the textile sector.

India has also signed 14 Free Trade Agreements (FTAs) and 6 Preferential Trade Agreements (PTAs) with various trading partners, which would ease access to global markets in the integrated cotton textile value chain.

The government also stated that ICAR-Central Institute for Cotton Research (CICR), Nagpur, under the Ministry of Agriculture & Farmers Welfare, along with AICRP on Cotton, focuses on developing improved cotton varieties and agro-technologies. Over the past decade, 333 cotton varieties have been released, including 191 non-Bt and 142 Bt cotton varieties.

Source: thehindubusinessline.com– Dec 17, 2024

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# DPIIT signs MoU with HDFC Bank to strengthen startup ecosystem and foster innovation

Department for Promotion of Industry and Internal Trade (DPIIT) has inked a partnership with HDFC Bank, India's largest private sector bank by assets, by signing an MoU to empower startups with world-class banking and financial services.

The collaboration aims to strengthen the overall startup ecosystem by offering knowledge sharing, mentorship, and capacity-building programs to foster innovation and growth.

Startups will benefit from customized banking and financial products designed to cater their specific requirements, such as working capital, credit access, and cash flow management. Besides, the Startups will also have access to HDFC Bank's vast network and resources thus enabling them to scale up their operations, attract investments, and establish their market presence far more effectively.

Outlining the transformative potential of India's startup ecosystem, Shri Sanjiv Singh, Joint Secretary, Startup India, mentioned that India's startup ecosystem is the bedrock of the nation's innovation-driven economy, and to empower it further will always remain on the top of DPIIT's agenda.

He emphasized the need to take far more initiatives such as forging strategic alliances with key partners like HDFC Bank, to ensure robust ecosystem that fosters entrepreneurship, do away bottlenecks in way of overall economic growth and development, and put forth meaningful solutions across the spectrum of all sectors, which is the need of the hour.

Dr Sumeet Kumar Jarangal, Director Startup India, said that this collaborative alliance with HDFC Bank will surely prove to be a path breaking step in bolstering the support system for startups in India.

He said that by leveraging the bank's expertise and resources, DIIPT aims to provide startups with seamless access to financial services and innovative solutions. This collaboration will not only effectively combat the critical challenges like funding and financial management but also create a conducive environment for startups to innovate and flourish in a result-oriented manner.

Meanwhile, Ms. Sunali Rohra, Head – Government & Institutional Business, Start-ups & Gig Banking, at HDFC Bank, said, “We are pleased to collaborate with DPIIT to further boost the landscape of start-ups in India. Through this partnership, DPIIT-supported start-ups will seamlessly gain access to the Bank’s customised suite of products aimed to help accelerate their growth.”

Source: pib.gov.in– Dec 17, 2024

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# Multi-Factor Authentication required for E-Way Bill and E-Invoice generation for all GST assesses from April 1, 2025

Multi-Factor Authentication (MFA) for using the updated versions of the E-Way Bill and E-Invoice Systems for all assesses will be made mandatory for all taxpayers from April 1 next year, an advisory on GST portal has said. Also, there will be new provisions for restricting the generation of E-Way Bill.

"Starting January 1, 2025, MFA will become mandatory for taxpayers with AATO (Aggregate Annual Turnover) exceeding ₹20 crore, from February 1, 2025 for those with AATO exceeding ₹5 crore, and from April 1, 2025 for all other taxpayers and users," the advisory said.

MFA is mandatory for taxpayers with an AATO exceeding ₹100 crore since August 20 last year and optional for those with an AATO exceeding ₹20 crore since September 11, 2023.

These changes have been made as the National Information Centre (NIC) will roll out updated versions of the E-Way Bill and E-Invoice Systems effective January 1, 2025. "These updates are aimed at enhancing the security of the portals, in line with best practices and government guidelines," the advisory said.

An E-Way Bill is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding ₹50,000. It is generated from the GST Common Portal for the E-Way Bill system by registered persons or transporters who cause the movement of goods of consignment before the commencement of such movement.

As per Rule 48(4) of CGST Rules, the notified class of registered persons have to prepare an invoice by uploading specified particulars of the invoice (in FORM GST INV-01) on the Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN). After following the above 'e-invoicing' process, the invoice copy containing inter alia the IRN (with QR Code) issued by the notified supplier to the buyer is commonly referred to as 'e-invoice' in GST.

It is important to note that 'e-invoice' in 'e-invoicing' doesn't mean the generation of an invoice by a government portal. The invoice not registered on the portal will not be valid. In such a situation, input tax credit (ITC) on the same cannot be availed by the recipient and will attract applicable penalties. Since August 1, 2023, E-Invoice is mandatory for assesses with AATO of ₹5 crore.

New Regulations for E-Way Bill

Meanwhile, the advisory said that e-way Bill generation will be restricted to documents dated within 180 days from the date of generation. For instance, documents dated earlier than July 5, 2024, will not be eligible for E-Way Bill generation starting January 1, 2025. Furthermore, the extension of E-Way Bills will be limited to 360 days from their original generation date. For example, an E-Way Bill generated on January 1 next year can only be extended up to December 25, 2025.

"Taxpayers are requested to familiarize themselves with these updates and incorporate the necessary adjustments into their compliance processes," the advisory said.

Commenting on the report, Rajat Mohan, Senior Partner at AMRG & Associates said restrictions on E-Way Bill (EWB) generation and extension mark a crucial step towards enhancing compliance and transparency in goods movement. Limiting the generation of EWBs to 180 days from the date of the base document and capping extensions to 360 days will play a vital role in curtailing malpractices. "These measures directly address the misuse of backdating and forward-dating of transactions, which are often exploited for tax evasion, inventory misrepresentation, or delayed GST payments," he said.

Source: thehindubusinessline.com– Dec 18, 2024

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# CAG highlights misuse risk in capital goods export scheme system

The Comptroller and Auditor General (CAG) Tuesday flagged the ineffectiveness of the Denied Entity List (DEL) mechanism aimed to make the exporters strictly comply with the conditions of authorizations of the Export Promotion Capital Goods (EPCG) scheme and said that authorizations need to be reviewed as the online system of the Directorate General of Foreign Trade (DGFT) does not check the veracity of the documents submitted.

The EPCG scheme allows import of capital goods for pre-production, production and post-production at zero customs duty to produce quality goods and services.

Highlighting that DGFT must have a data driven monitoring mechanism for ensuring compliance to the provisions of the foreign trade policy, the CAG said in an audit report: "Issuance of subsequent authorizations without ensuring fulfilment of progress of obligations of earlier authorizations remaining unredeemed must be considered a risk factor".

The non-compliance with the prescribed procedures in case of domestic procurement of capital goods has a risk of availing dual benefit of availing exemption from payment of integrated goods and services tax (IGST) and also importing items duty free, the CAG said.

As per the audit report, import of capital goods from ports other than the registered port without adhering to the prescribed procedure in the FTP involves risk of importing them from multiple ports using the same authorization which have revenue implications and also has the risk of misuse of the bonds.

"Audit observed that timely realisation of export proceeds were not monitored by DGFT.," it said, adding that the scheme allows duty free imports of capital goods with the intended objective of producing quality goods and services to enhance our manufacturing competitiveness and therefore any delayed, short, non realisation of export proceeds needs to be monitored more effectively by DGFT.

Source: thehindubusinessline.com– Dec 18, 2024

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# Cotton yarn prices hold steady amidst sluggish market in south India

Cotton yarn prices in south India have remained stable over the last few days. However, the markets in Mumbai and Tiruppur, are experiencing sluggish demand from the fabric and garment industry.

Traders have reported that domestic demand is very weak amid tight payment conditions. Cotton yarn prices may not find support until there is an improvement in domestic demand. Although garment export demand has improved in recent months, the exports of cotton yarn and fabric are not remarkably high. Indian cotton yarn and fabric are facing challenges in the export market due to the higher prices of the natural fibre. The market is expected to remain subdued until mid-January 2025.

The Mumbai market has seen stability in cotton yarn prices. Tight payment conditions, the year-end holiday, and uncertainty regarding demand from the downstream industry are major factors for slow buying. A trader from the Mumbai market told Fibre2Fashion, "Cotton yarn demand is likely to remain slow until the middle of next month. Summer demand is expected to pick up at the end of January. People in the textile value chain are not very keen on trading ahead of the New Year celebrations."

In Mumbai, 60 carded yarn of warp and weft varieties were traded at ₹1,430-1,470 (approximately $17.04-$17.51) and ₹1,370-1,420 per 5 kg (approximately $16.33-$16.92) (excluding GST), respectively. Other prices include 60 combed warp at ₹334-341 (approximately $3.98-$4.06) per kg, 80 carded weft at ₹1,400-1,470 (approximately $16.69-$17.51) per 4.5 kg, 44/46 carded warp at ₹258-269 (approximately $3.08-$3.20) per kg, 40/41 carded warp at ₹254-264 (approximately $3.02-$3.12) per kg and 40/41 combed warp at ₹284-291 (approximately $3.37-3.46) per kg, according to trade sources.

In Tiruppur, knitting cotton yarn prices were also unchanged due to slow demand. There were slow trading activities in the southern market. Traders said that mere export demand cannot lift market sentiments. Both domestic and export demands are crucial for support. Currently, spinning mills are struggling to find buyers even at slightly higher discounts.

In Tiruppur, knitting cotton yarn prices were noted as 30 count combed cotton yarn at ₹257-265 (approximately $3.03-3.13) per kg (excluding GST), 34 count combed cotton yarn at ₹266-273 (approximately $3.14-3.22) per kg, 40 count combed cotton yarn at ₹277-287 (approximately $3.27-3.39) per kg, 30 count carded cotton yarn at ₹236-241 (approximately $2.79-2.85) per kg, 34 count carded cotton yarn at ₹241-243 (approximately $2.74-2.88) per kg and 40 count carded cotton yarn at ₹249-254 (approximately $2.95-3.01) per kg.

In Gujarat, cotton prices eased by ₹300-500 per candy of 356 kg in the last couple of days. Ginners are facing disparities due to the fall in cotton prices. Cotton procurement by the Cotton Corporation of India (CCI) has stabilised seed cotton prices. Traders said that CCI is buying cotton at a minimum support price, which is higher than open market rates. There is a difference of ₹100-125 per quintal in seed cotton prices, creating a disparity of ₹2,000 per candy for ginning mills. Consequently, they have ceased ginning activities and are considering renting their mills to CCI for ginning. Traders said that several large spinning mills and textile companies have imported large quantities of cotton due to a steep fall in prices, which also dried up demand for cotton fibre from the domestic market. Cotton arrival was estimated at 28,000-30,000 bales of 170 kg in Gujarat and 200,000-220,000 bales in the country.

The benchmark Shankar-6 cotton was quoted between ₹53,500-54,000 (approximately $630.17-$636.06) per candy of 356 kg, while southern mills were looking to buy cotton at ₹54,000-54,500 (approximately $636.06-$641.95) per candy. Seed cotton (Kapas) was traded at around ₹7,400-7,500 (approximately $87.39-$88.57) per quintal.

*Disclaimer: The prices in this article are based on market sources and hence, readers are recommended to do their own research before making any decision. The publisher and their affiliates are not liable for any inaccuracies or actions taken based on this information.*

Source: fibre2fashion.com– Dec 17, 2024

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# Gujarat continues to lead country's cotton production, exports

Ahmedabad: Gujarat remained the country's leading cotton producer for two consecutive years. The state's cotton output reached 87.95 lakh bales in 2022-23 and increased to 90.57 lakh bales in 2023-24.

The national cotton production decreased in 2023-24 compared to the previous year. The total production figures stood at 336.60 lakh bales in 2022-23, declining to 325.22 lakh bales in 2023-24.

In the Rajya Sabha, Union minister of state for textile Pabitra Margherita, responding to queries from MP Parimal Nathwani, revealed that Gujarat contributed approximately 30% of India's total cotton textile exports in 2023-24.

The minister's statement indicated that India's cotton textile exports amounted to $11,085 million in 2022-23 and $12,258 million in 2023-24. During these periods, Gujarat's exports were valued at $2,835 million and $3,615 million respectively.

Nathwani requested details about national cotton production and exports, govt initiatives to boost exports, and measures to advance cotton production research.

The Union ministry of textile outlined various export promotion schemes, including rebates on state and central taxes for apparel exports. Products not covered under this scheme benefit from the Remissions of Duties and Taxes on Exported Products. India's 14 Free Trade Agreements (FTA) and six Preferential Trade Agreements (PTA) facilitate access to international markets.

The ministry also highlighted the development of Kasturi Cotton Bharat, a premium Indian cotton brand available in 29 mm and 30 mm long-staple varieties. The ICAR-Central Institute for Cotton Research, Nagpur, introduced 333 cotton varieties, comprising 191 non-Bt and 142 Bt varieties in the past decade.

Source: timesofindia.com– Dec 16, 2024

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