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USD	EUR	GBP	JPY
85.09	88.22	106.27	0.54

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INTERNATIONAL NEWS

Nov US industrial production down 0.1%, manufacturing output up 0.2%

US industrial production moved down by 0.1 per cent in November this year after declining by 0.4 per cent in October, according to the Federal Reserve (Fed).

Manufacturing output rose by 0.2 per cent in the month, but was 1 per cent below its year-earlier level.

At 102 per cent of its 2017 average, total industrial production in the month was 0.9 per cent below its year-earlier level.

Capacity utilisation stepped down to 76.8 per cent in the month, a rate that is 2.9 percentage points below its long-run (1972–2023) average.

The output of consumer goods was unchanged; the index for durable consumer goods rose, supported by gains in the output of appliances, furniture, and carpeting (3.4 per cent).

The index for materials decreased by 0.3 per cent, as a 1-per cent decline in the output of energy materials more than offset a 0.2-per cent gain in the output of non-energy materials, a Fed release said.

In November, the durable manufacturing index gained 0.7 per cent due to broad-based increases among durable categories.

The non-durable manufacturing index declined by 0.3 per cent in November, led by decreases in the output of apparel and leather (2.1 per cent), petroleum and coal products (1.6 per cent), and paper (1.3 per cent).

Capacity utilisation for manufacturing inched up by 0.1 percentage point in November to 76 per cent, a rate that is 2.3 percentage points below its long-run average.

Source: fibre2fashion.com– Dec 19, 2024

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UK retail jobs hit 2.81 mn in September 2024, down from last year

UK had 2.81 million jobs in retail sector in September 2024, as per the Office for National Statistics (ONS). This period traditionally marks the year's low point before job numbers climb ahead of the peak Christmas season. On a four-quarter average, there were 40,000 fewer jobs compared to last year and 225,000 fewer than five years ago.

“Despite a further decline in retail jobs, the industry continues to be the largest private sector employer, offering approximately 2.9 million jobs in the UK, along with an additional 2.7 million in the supply chain. The fall has been partly attributed to ongoing industry transformation, including increased investment in automation and productivity improvements, as well as a shift towards outsourcing warehousing and logistics, which are not fully reflected in ONS retail figures,” Helen Dickinson, chief executive at the British Retail Consortium (BRC), said in a press statement.

“Meanwhile, costs of hiring have risen significantly in recent years. Pay growth in the industry was well above the national average at 8.5 per cent in 2024, and up over 25 per cent since 2021. The October Budget increases the National Living Wage by a further 6.7 per cent, adding over £2.7 billion (~$3.43 billion) to retailer wage bills from April 2025, while changes to rate and threshold for employer National Insurance (NI) contributions will cost the industry over £2.3 billion (~$2.875 billion)," Dickinson added. “This will could hasten the reduction in retail jobs and particularly the recruitment of part-time roles, which have been falling in recent years.”

Retailers are adapting to the evolving business landscape, with the majority indicating plans to further invest in automation and enhance worker productivity. However, the upcoming Budget is expected to place additional pressure on jobs and working hours, potentially impacting communities across the UK that depend on retail as a key provider of entry-level and local employment opportunities, she further said.

Source: fibre2fashion.com– Dec 19, 2024

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Trade tensions may hit European, Middle East seaports: Fitch Ratings

Growing trade tensions and likely tariff increases by the incoming US administration may have negative implications for global trade, exacerbating the growth challenges faced by European and Middle East seaports, according to Fitch Ratings, which recently said a slow recovery in demand for consumer goods is likely to continue in Europe next year, supporting the seaport sector.

Proposed new tariffs by President-elect Donald Trump on Chinese and European goods could exacerbate growth challenges for export-oriented economies, reducing seaport activity, particularly in northern Europe, according to Fitch's EMEA Transportation Infrastructure Outlook 2025.

As more than two-thirds of US goods imports are duty-free (although this varies from 80-90 per cent for Canada and Mexico to 40 per cent for China), Fitch thinks a reasonable working assumption for the purposes of our economic forecasts is applying Trump's election campaign tariff promises only to the existing basket of dutiable imports.

This implies a jump in the US effective tariff to about 7.8 per cent from 2.3 per cent in 2023 globally, including a 25 percentage points (pps) increase for China and a 3-pp increase for Germany.

These tariff increases could materially affect global trade, port volumes and connectivity, and may necessitate adjustments to shipping routes, with port calls shifted and capacity reallocated, Fitch said in a release.

The Middle East and eastern Mediterranean face port overcapacity risks due to extensive terminal construction projects outpacing demand growth.

In the Middle East, greenfield projects may contribute over half of future capacity, adding about 29 million twenty-foot equivalent units (TEUs) over the next five years, Fitch noted. Plans in the eastern Mediterranean could add 11 million TEUs of capacity over five years, mainly in Egypt.

The combined impact of these expansions and geopolitical instability may weigh on the cash flow generation of the existing ports in the region.

Eurozone consumption picked up in the third quarter (Q3) this year as real household incomes rose, boosting a recovery in shipped volumes, which shrank in 2022-2023, Fitch added.

Source: fibre2fashion.com– Dec 20, 2024

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EU Council adopts one year postponement of deforestation law

The European Council has formally adopted the regulation to postpone the application of the European Union Deforestation Regulation (EUDR) by one year. The law, aimed at ensuring deforestation free commodities and products in the EU, was originally set to be implemented from December 30, 2024, but will now take effect on December 30, 2025.

This extension provides additional time for member states, third countries, operators, and traders to fully comply with due diligence obligations.

The deforestation regulation has been in force since June 29, 2023. The postponement aims to deliver legal clarity and ensure a smooth transition for stakeholders while reinforcing the EU's commitment to addressing global deforestation, Council of the EU said in a release.

The Council's decision concludes the legislative procedure. The regulation will now be signed and published in the Official Journal of the EU, enabling its formal entry into force before the end of the year.

Source: fibre2fashion.com– Dec 19, 2024

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Cotton Makes a Comeback: Comfort, sustainability drive fiber's popularity

Move over synthetics, cotton is back and here to stay. The latest Cotton Incorporated Lifestyle Monitor Survey reveals a significant shift in consumer preferences, with cotton reigning supreme as the preferred fiber for clothing.

The survey indicates a growing awareness of environmental concerns among consumers, with 78 per cent deeming cotton the most sustainable clothing option. This eco-conscious mindset aligns with a surge in interest in clothing recycling, with 83 per cent of consumers specifically identifying cotton as the most sustainable fiber for this purpose.

Cotton's growing popularity

Experts say consumers are increasingly seeking out sustainable options, and cotton's natural origins and recyclability make it a clear winner. This trend is particularly strong among younger generations, who are leading the charge in conscious consumerism.

But sustainability isn't the only factor driving cotton's popularity. Three-quarters of consumers believe that cotton and cotton blends are best suited for today's fashion trends. This perception is due to cotton's inherent versatility, allowing it to seamlessly transition from casual wear to high-end fashion .

Often associated with summer apparel, cotton is proving to be a surprisingly adaptable choice for winter fashion. Cotton fleece, flannel, and cotton-acrylic blends offer excellent warmth and comfort during colder months Cotton's versatility knows no bounds, say designer. From cozy sweaters to stylish outerwear, cotton provides the comfort and durability needed for winter garments.

Brands embrace cotton's sustainable style

Several prominent brands have embraced cotton as a core material in their collections, including Patagonia, Kowtow, Reformation, and Tentree. These brands prioritize sustainable practices, ethical sourcing, and environmentally friendly production, further solidifying cotton's position as a leader in sustainable fashion.

The 2024 Cotton Incorporated Lifestyle Monitor Survey highlights: cotton is not just a classic fabric; it's a modern-day essential. As consumers continue to prioritize sustainability, comfort, and style, cotton's natural qualities and versatility are poised to further solidify its reign in the ever-evolving world of fashion.

Source: fashionatingworld.com– Dec 19, 2024

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Chinese Shirt Manufacturer Joins Egypt's Growing List of Foreign Investors

Luthai Group, the world's largest producer of dyed fabrics and shirts, is investing in Egypt's textile and apparel supply chain.

Egypt's General Authority for Investment and Free Zones (GAFI) announced this week that the Chinese company will establish a complete supply chain in Egypt, from yarn production to fabrics and finished garments. The $385 million factory will sit on 500,000 square meters of land.

Liu Deming, Luthai Group's global marketing director, said the company is dedicated to enhancing the competitiveness of the Egyptian market, noting that it will bring its technological expertise and advanced spinning systems to the sector. He added that the Egyptian market "fulfills all the company's requirements, including economic stability, sustainable growth, and the availability of skilled labor in terms of both quantity and quality."

Luthai Textile owns 13 garment plants including 67 large-scale production lines of high-grade shirts, T-shirts and polo shirts. The four-time recipient of the Chinese National Science and Technology Award has an annual output of 30 million pieces.

GAFI reported that all products will be directed to foreign markets with a 100 percent export rate, contributing to the Ministry of Investment and Foreign Trade's "Investment for Export" strategy.

Hossam Heiba, GAFI president, said Egypt's Investment Law and regulations are "creating a favorable investment environment." He added that Luthai Group is qualified to receive the maximum financial and regulatory incentives granted under the Investment Law, as the company's strategic plans align closely with Egypt's developmental priorities, including localizing technology, creating employment opportunities, fostering export-oriented investment, and developing regions in greatest need of growth.

GAFI reported that Luthai's new factory is eligible for the Golden License, a comprehensive approval that includes all the permits required for the company to commence operations and reach full-scale production.

Investment from Luthai represents a major growth opportunity for Egypt. In GAFI's statement, Mohamed Kassem, chairman of Egyptian Exporters Association, said foreign investments, particularly from China into the textiles and clothing sectors, coincides with companies' efforts to restructure global supply chains. He pointed out that the Egyptian government's "ongoing economic reform program significantly enhances the competitiveness of Egyptian exports in these sectors" as companies seek for nearby markets for investment.

Egypt's framework is also strengthening cooperation with Turkish investments, especially textiles and ready-made garments. Earlier this year, the Suez Canal Economic Zone (SCZONE) signed a contract with Turkey's Eroğlu Global Holding A.S. for a jeans garment factory in Egypt's Qantara West Industrial zone. The factory will produce 7.2 million jeans annually. SCZONE reported that 70 percent will be allocated for exports, and 30 percent will be for the domestic market.

Additionally, SCZONE signed a contract with Eroğlu Holding to establish a $40 million ready-made garment factory in the same zone. The plant is expected to create more than 3,000 jobs.

This month Sharabati Denim announced a new production facility in Sadat City designed to accommodate around 2,000 workers. The facility includes two spinning halls, a warping and sizing hall, a gabardine weaving hall, and a shuttle loom weaving hall.

Source: sourcingjournal.com– Dec 19, 2024

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California Ports Feel Pressure of Import Influx, but No 'Mass Migration Yet'

The import deluge keeps flowing into the West Coast ports.

The Ports of Long Beach and Los Angeles both handled a remarkably near-identical number of containers in November as the twin gateways endure a rush of cargo ahead of a presidential transition expected to usher in new tariffs and potential second dockworker strike on the East and Gulf Coast.

At the Port of Long Beach, dockworkers and terminal operators moved 884,154 20-foot equivalent units (TEUs) in November, up 20.9 percent from the throughput in the year-ago month. This was the busiest November on record for the port, surpassing the previous top mark in 2020 by 12.8 percent.

The Port of Los Angeles processed 884,315 TEUs in November, a 15.8 percent increase over the previous year, but still 0.6 percent below the hub's own November record four years ago—when imports had heavily escalated and ports became congested due to heavy pandemic stimulus-driven spending.

With the November figures, the Port of Long Beach is on course to reach 9.6 million cargo containers by the end of 2024, which would be a record that marks a roughly 20 percent increase over the year prior.

For the L.A. port, the gateway says it is "well on pace" to exceed 10 million container units, the second such year to hit that point since 2021, when it handled 10.7 million TEUs.

Scott Kelly, vice president of ocean services, the Americas at freight forwarder Expeditors International, said in a Tuesday briefing that his company has already been assisting some clients with shifting cargo to the West Coast ahead of the East Coast port contract negotiation deadline of Jan. 15—further flooding the twin ports with more potential cargo.

"Customers will have the options of beginning to ramp up their shipments [into the U.S.] in the next week or so. We'll see what they do," Kelly said. "Customers that had already built a model in have adjusted and moved to the West Coast a little bit. We're already seeing some of that, but other than that, we have not seen a mass migration yet."

Seroka called President-elect Donald Trump's recent backing of the International Longshoremen's Association (ILA) in its contract negotiations with the U.S. Maritime Alliance (USMX) as "pretty unique," given the meetings with key stakeholders ahead of taking the oath of office.

The port director was optimistic that the incoming administration would keep the wheels moving on the East Coast port talks.

"One of the things we have noticed with the current administration is that Acting [Labor] Secretary Julie Su used a lot of shuttle diplomacy, kept both sides at the table, kept talks moving forward in a variety of collective bargaining environments. That's shown to be pretty positive as far as the outcomes go," Seroka said. "I trust that incoming President Trump will have the same mindset of keeping folks at the table and moving the dialogue forward. It is my view, in conclusion, that all ports in the United States need to be running at top speed to fuel this American economy."

Seroka shared some the mixed results that automation has brought the wider twin port complex, saying longshore work in Los Angeles and Long Beach is up about 32 percent over the past decade. "Could it have been more? Possibly."

"Three of our 12 terminals have an automated environment," he said, noting that the L.A. port uses automated stacking cranes, automated straddle carriers and rail-mounted gantry cranes, while the Long Beach Container Terminal uses an automated guided vehicle system.

"Some have opined that productivity is not that great, but costs have been dropped and longer hours of operation can be attained using this robotic mechanism," said Seroka.

On the other hand, Seroka acknowledged the possibility that members of the International Longshore and Warehouse Union (ILWU) may be disappointed in some automation developments since the language was first implemented in their 2008 collective bargaining agreement.

"Maybe some promises have not been lived up to and maybe job cuts—being replaced by these robotics or automated machines—have been deeper than what was anticipated," Seroka said.

As the automation arguments continue, the California ports are bringing in imports at a wider pace than the projected total across U.S. ports anticipated for November. Imports took up the lion's share of the cargo movement at both San Pedro Bay ports, increasing 21.8 percent to 432,823 TEUs at Long Beach, and up 19.1 percent at Los Angeles to 458,165 TEUs.

Although most ports have not reported November's numbers, the monthly Global Port Tracker from the National Retail Federation anticipates the month's inbound cargo volume to reach 2.17 million TEUs, up 14.8 percent year over year.

That list includes data tracked at ports like L.A./L.B., alongside Seattle/Tacoma, New York/New Jersey, Virginia, Charleston, Savannah and Houston.

Source: sourcingjournal.com– Dec 19, 2024

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How the Trust Protocol is Measuring Cotton's Impact

Among the most valuable commodities today in the fashion and textiles business is sustainability data.

For one, data is necessary to guard against greenwashing allegations, backing up claims and allowing companies to speak more credibly about the provenance of their materials. Metrics are also critical in meeting a growing spate of regulatory requirements that make environmental reporting as compulsory as financial disclosures.

"Everybody wants to get their hands on the most robust and credible data available in the market today," Daren Abney, executive director of the U.S. Cotton Trust Protocol, said during a recent fireside chat with Sourcing Journal's sourcing and labor editor Jasmin Malik Chua.

Since it launched in 2020, the Trust Protocol has been collecting and disseminating field-level data about cotton production in the United States. Four years in, it now counts 1,327 grower participants for the 2024 crop year, representing 2.1 million planted acres. Further downstream, over 2,500 suppliers and 45 companies and brands like Ralph Lauren and Gap Inc. rely on the Trust Protocol's standards and sustainability reporting for their cotton programs.

"By focusing on high-quality, relevant data, the Trust Protocol helps its members to build credible sustainability claims that can withstand scrutiny," said Deepika Mishra, Ph.D., standards and data lead consultant at the U.S. Cotton Trust Protocol.

The Trust Protocol measures six key metrics: land use, soil carbon, water measurement, soil loss, greenhouse gas emissions and energy efficiency. Sharing some of the results from the most recent crop year, Mishra pointed to successes including a 21 percent reduction in greenhouse gas emissions, a 79 percent reduction in soil loss and a 14 percent increase in water efficiency—all compared to a 2015 baseline.

She noted that the varying nature of agriculture means that these increases and decreases don't move in a straight line, however the overall picture is one of progress. "The trend is clear: We're moving towards more efficient and responsible cotton production," she said.

As more companies are starting, completing or updating life cycle assessments, the Trust Protocol's data can be plugged in to contribute to the full picture of the product or material's impact.

In addition to data, the Trust Protocol provides visibility through supply chain mapping, allowing buyers to see each tier from fields to final manufacturer. To-date, 1,200 shipments of cotton fiber have been recorded through the Protocol Consumption Management Solution, which is the program's traceability solution.

That is the equivalent of 3.4 million bales of U.S. cotton and 636,000 bales of Protocol Cotton. Addtionally, there have been 110 million shipped units tracked by brands and retailers. As Abney noted, "Retailers and brands are looking to the Trust Protocol as a solution for not just the sustainability metrics at the field level, but also for visibility into their supply chain." He added, "Sustainability and traceability are two sides of the same coin."

Source: sourcingjournal.com– Dec 19, 2024

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US' men's shirts imports rise by 3.80% Y-o-Y in October 2024: OTEXA

Men's shirt imports by the US grew notably in the month of October 2024, as per the latest OTEXA data. Analysed by team Apparel Resources, the data shows, men's shirt imports by the US grew by 3.80 per cent Y-o-Y to $251.78 million during the month.

In terms of volumes, imports of men's shirts by the US increased by 9 per cent Y-o-Y to 2.78 million dozen. Bangladesh and India remained the top two exporters of men's shirts among leading Asian manufacturing hubs.

During the month, Bangladesh's shipment of men's shirts to the US increased by 8 per cent Y-o-Y to $61.19 million; whereas India's exports declined by 27 per cent in value to $55.12 million. However, despite this massive fall, India still remains ahead of Vietnam, China and Indonesia in exports of men's shirt to the US.

Vietnam's exports of men's shirts to the US rose by 28.30 per cent to $41.22 million during the month while exports by China declined by by 7.40 per cent to $17.69 million

Growing at a 3 per cent CAGR, the men's shirt market in the US was valued at $16.40 billion in 2024, as per Statista.

Source: fashionatingworld.com– Dec 19, 2024

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Italian textile machinery manufacturers gear up for Colombiatex 2025

Italian textile machinery manufacturers are set to showcase their innovations at Colombiatex, Colombia's leading premier textile fair, taking place in Medellín from January 28 to 30, 2025. With 23 companies participating, this highlights the enduring partnership between Italian technology providers and Colombian textile businesses.

Despite a decline in demand for textile machinery in Colombia during the first nine months of 2024, the country remains a key market in the region. Italy ranked as Colombia's second-largest supplier in 2023, with exports valued at €13 million, while sales reached €8 million in the first nine months of 2024.

“The Colombian textile and clothing industry has grown significantly in recent years, driven by technological advancements where Italian machinery has played a crucial role,” said Marco Salvade, President of ACIMIT. “Colombiatex is an essential platform for strengthening partnerships with Colombian companies.”

The Italian pavilion, organized by the Italian Trade Agency and ACIMIT, will showcase leading manufacturers, including Biancalani, Fadis, Reggiani Macchine, Santoni, and Tonello. These exhibitors represent Italy's innovation in textile technology and its commitment to supporting the growth of the Colombian textile industry.

Colombiatex 2025 promises to be a vital opportunity to deepen collaborations and highlight Italy’s advanced solutions for the textile sector.

Source: fashionatingworld.com– Dec 19, 2024

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Vietnam's textile & garment exports rise 10.6% to $33.6 bn in Jan-Nov

Vietnam's textile and garment exports (excluding yarn and fibre) grew by 10.6 per cent year-on-year (YoY), reaching $33.650 billion between January and November 2024, according to the Customs IT and Statistics Department of the General Department of Customs under Vietnam's Ministry of Finance. But in November 2024, these exports decreased by 5.0 per cent month-on-month to $3.051 billion.

During the eleven-month period, Vietnam's yarn exports rose slightly by 0.7 per cent year-on-year, totalling $4.022 billion. In volume terms, yarn exports increased by 4.5 per cent, with the country exporting 1.701 million tonnes of yarn in the first 11 months of 2024.

On a month-on-month basis, yarn exports eased by 7.5 per cent in value and 6.6 per cent in volume. In November 2024, Vietnam exported 161,954 tonnes of yarn, valued at $367.706 million.

The United States remained the largest market for Vietnam's textile and garment exports, accounting for 43.43 per cent of the total, equivalent to $14.616 billion. Japan and South Korea were also key markets, with exports amounting to $3.983 billion and $2.920 billion, respectively.

For yarn exports, China was the largest buyer, accounting for 48.53 per cent of Vietnam's total yarn shipments, valued at $1.951 billion. Yarn exports to India were valued at $59.292 million during the January to November 2024 period.

On the import side, Vietnam's cotton imports rose by 2.3 per cent year-on-year to $2.650 billion between January and November 2024. The volume of imported cotton reached 1,369,731 tonnes, marking a 12.6 per cent year-on-year increase.

The country also imported 1,126,291 tonnes of yarn, valued at $2.474 billion, reflecting a 24.0 per cent increase in value and a 17.6 per cent rise in volume. Fabric imports totalled $13.572 billion, up 14.3 per cent year-on-year.

In 2023, Vietnam's textile and garment sector saw a decline of around 12 per cent, dropping to $36.23 billion. Although the Vietnam Textile and Apparel Association (VITAS) had set an export target of $48 billion, the sector did not meet this goal. In 2022, the sector's exports grew by 14.7 per cent to $37.5 billion, still falling short of the $43 billion target. In 2021, exports totalled $32.75 billion, marking a 9.9 per cent increase from $29.81 billion in 2020.

In response to declining global market demand, VITAS has lowered its export target for textiles, garments, and yarn to $44 billion for 2024.

Source: fibre2fashion.com– Dec 20, 2024

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Bangladesh: Apparel exporters urge brands for fair pricing amid rising production costs

Bangladesh's apparel exporters are calling on foreign buyers to adopt fair pricing policies in light of escalating production costs.

Fazlee Shamim Ehsan, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), emphasised the need for foreign brands to support suppliers through equitable costing practices and to uphold human rights due diligence at the factory level during a seminar held in Dhaka on December 18.

The seminar, titled Human Rights Due Diligence, was organised by the Europe-based Fair Wear Foundation at a hotel in Gulshan. Ehsan, who also serves as the CEO of Fatullah Apparels, a prominent US-GBS-certified green factory, highlighted the importance of fostering ethical business relationships. He urged brands to refine their policies and purchasing practices to reflect these values.

"Once suppliers adopt better practices that incur higher costs, they must maintain those standards even if order volumes decrease or are withdrawn," Ehsan noted. He stressed that mutual commitment and cooperation are essential for sustainable business policies and effective supply chain management.

The seminar was part of the Sustainable Textile Initiative: Together for Change project and saw participation from representatives of six European member brands — Stanley & Stella, B&C, TAKKO Fashion, Solo Invest, s'Olive, and ZEEMAN — alongside 12 supplier representatives.

Following the seminar, Bablur Rahman, country manager of Fair Wear Foundation, shared insights from supplier representatives who voiced their concerns over fair pricing, pointing out that despite a significant increase in production costs, apparel prices have either stagnated or decreased.

He noted that brand representatives recognized these challenges and expressed their commitment to finding collaborative solutions.

Mohiddin Rubel, a director of the Bangladesh Garment Manufacturers and Exporters Association, highlighted that apparel entrepreneurs in Bangladesh have faced mounting production costs over the past two years due to rising energy prices and the implementation of a new wage board for workers, among other factors. “While production costs have surged by about 50 per cent, product prices in some markets have dropped by approximately 5 per cent,” he explained.

Source: apparelresources.com– Dec 19, 2024

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NATIONAL NEWS

Commerce dept plans mega global meet to boost exports in six product areas

The commerce department is working on a mega meet in January to devise a concrete strategy to push exports of six key product categories, including engineering goods and electronics, to 20 "focus countries" including the United States, Australia, France, China, Russia, the United Kingdom, Japan, South Korea, Singapore, and Indonesia, two senior government officials aware of the matter said.

Indian missions in these countries have been tapped and the ambassadors have been invited.

That apart, officials in other departments related to the products and key office holders in the commerce department and finance ministry will be present.

The meet comes against the backdrop of merchandise exports hitting a 25-month low in November amid continued geopolitical tensions as well as a decline in petroleum prices. On a cumulative basis, India's merchandise exports during April-November stood at $284 billion, up 2.1 per cent year-on-year.

"The larger idea is to evolve an export strategy and focus on countries where we feel the export potential is high this year and the next and come up with concrete recommendations on how to improve exports to these countries in 2025. We are also focusing on six manufacturing sectors in which we feel that India has good production capability and there is good export," an official told Business Standard.

These 20 countries have a share of 60 per cent of global imports. The six focus sectors that have been identified have over a two-thirds share in global inbound shipment.

Apart from engineering goods and electronics, the other focus sectors are chemicals and plastics, drugs and pharmaceuticals, agriculture, and allied products and textiles.

The idea is to have deeper economic integration with these countries by increasing market access through balanced trade agreements, enhancing economic partnerships to boost investment, and addressing the non-trade barriers India has been facing in these countries.

"To boost exports for the remaining period of this financial year, the idea is to work out strategies with a focused action plan for commodities where India enjoys comparative advantage," another official cited above said.

Similarly, the commerce department has also identified six services sectors, including information technology/information technology-enabled services, tourism, and digitally delivered health services, where there is good potential for growth.

The government has set an export target of $2 trillion by 2030 — $1 trillion each for goods and services.

Targeted approach

> 20 focus countries, including the US, Australia, France, China, Russia, the UK, Japan, South Korea, Singapore, and Indonesia

> 60% share these 20 countries have in global imports

> 6 focus sectors, include engineering goods and electronics; chemicals and plastics; drugs and pharmaceuticals; agriculture and allied products; and textiles.

> 67% share these 6 sectors have in global imports

Source: business-standard.com– Dec 19, 2024

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Ind-Ra expects Indian economy to grow 6.6% YoY in FY26

India Ratings and Research (Ind-Ra) expects the Indian economy to grow at 6.6 per cent year on year (YoY) in fiscal 2025-26 (FY26)—20 basis points (bps) higher than its revised forecast of 6.4 per cent for FY25—driven by investments.

"The Indian economy has experienced a cyclical growth slowdown in the past three quarters, which it expects to reverse from 3Q [the third quarter] FY25....Ind-Ra believes the Indian economy is facing monetary, fiscal and external tightening. While it expects monetary conditions to ease now, the fiscal and external tightening is expected to continue in FY26 as well," Devendra Kumar Pant, chief economist and head of public finance at Ind-Ra, said in a release.

"Nonetheless, the FY26 GDP growth is expected to be same as India's best decadal growth (FY11-FY20)," he noted.

Ind-Ra's growth and inflation forecast could however be affected by any tariff war, and any capital outflow, if the dollar continues to strengthen.

Ind-Ra expects investments to be a key growth driver in FY26, like in FY22 and FY24. Gross fixed capital formation (GFCF) is projected to increase by 7.2 per cent YoY in FY26. It expects both the government and private sectors to contribute towards the GFCF growth in FY26.

The general elections in Q1 FY25 and its lingering impact on investment activities in Q2 are mainly responsible for the weak GFCF growth in FY25. The private sector capex is still not broad-based and concentrated in a few sectors like roads, airports and renewable energy.

Private sector participation in capital expenditure is important for sustainable economic growth and may alleviate some pressure on the government deficit, Ind-Ra observed.

The domestic rating agency expects private final consumption expenditure (PFCE) to grow by 6.9 per cent YoY in FY26. An issue with India's growth pattern in recent times is weak consumption growth.

Ind-Ra expects government final consumption expenditure (GFCE) growth to remain muted at 4.3 per cent in FY26.

The GFCE-to-GDP ratio in FY24 declined to 10.4 per cent. Ind-Ra expects it to decline further to 10.3 per cent in FY26.

The agency expects gross value added (GVA) growth in FY26 to be 6.6 per cent. The industrial sector growth is expected to improve to 6.6 per cent in the fiscal. Although prima facie this appears weak, it is better than the average 5.6-per cent growth during FY14-FY24, Ind-Ra added.

Retail Inflation is expected to touch 4 per cent in Q3 FY26, and average around 4.4 per cent in the full fiscal.

Ind-Ra expects the Indian government to adhere to its FY26 fiscal deficit target of 4.5 per cent of GDP

Merchandise trade account is expected to remain in deficit of $308 billion in FY26.

Source: fibre2fashion.com– Dec 20, 2024

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GST Council may provide exporter status to intermediaries for tax relief

The 55th Goods and Services Tax (GST) Council meeting on Saturday may provide relief to intermediaries such as brokers, agents, and online bidding portals that offer their services to entities abroad.

This will be done by classifying them as exporters, making them zero-rated.

At present intermediary services are charged at 18 per cent under the Central GST Act. According to sources, the fitment committee of the GST Council has proposed an amendment to the Integrated GST Act by deleting Section 13(8)(b).

“This amendment would alleviate the financial burden of the 18 per cent GST currently imposed on these services, thereby creating a more level playing field for Indian intermediaries in comparison to their foreign counterparts,” a source said.

This proposal comes in the light of show-cause notices (SCNs) of Rs 3,357 crore issued to these intermediaries. This may be dropped if the amendment takes effect.

In India, many individual and corporate brokers work as brokers or agents in the commodities market, especially related to textiles and leather goods. So providing the zero-rated benefit will give big relief to them.

Experts said online bidding portals like Mjunction, ONDC (Open Network for Digital Commerce) and MSTC would also benefit from the proposed amendment.

Vivek Jalan, partner with Tax Connect Advisory Services, said: “Ideally the service of the agent should be treated as export of services under Section 2(6) of the IGST Act and should be zero-rated. However, Section 13(8)(b) of the same Act comes in the way and provides that the place of supply of services of such intermediaries should be the place of the service provider, in India.”

He added the 18 per cent was an additional burden on these intermediaries because the recipients of such services abroad would not even get input tax credit on such claims.

Separately, the law committee has recommended the GST Council simplify providing input tax credit through the recently launched Invoice Management System (IMS), which helps businesses to track GST liabilities.

“The current system disregards the challenges of accounting timelines and reconciliation processes. This has led to financial burdens on suppliers who are often compelled to pay GST liabilities for which they are not liable,” said Rajat Mohan, senior partner, AMRG & Associates.

Source: business-standard.com– Dec 19, 2024

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India's exports fall — and tariff barriers loom

India's trade data continues to witness sharp fluctuations. In October, merchandise exports grew at a spectacular 17.2 per cent. However, this momentum was not sustained thereafter. As per the latest data from the Ministry of Commerce and Industry, exports contracted by around 5 per cent in November.

On the other hand, imports continue to trend upward, surging by 27 per cent in November. As a consequence, the trade deficit has widened to $37.84 billion — this is significantly higher than the average deficit registered in the first seven months (April-October) of this year. This deterioration suggests that the current account deficit for the full year will be higher than previously expected.

The disaggregated data shows that the decline in exports was largely driven by petroleum. Excluding oil, exports grew by 7.7 per cent in November and 7.4 per cent so far this year. Exports of electronic and engineering goods have continued to fare well, growing by 54 per cent and 13.75 per cent respectively in November.

The surge in imports was driven by a staggering rise in gold imports which increased to $14.9 billion in November compared to $3.4 billion last year. While some analysts have linked the sharp rise in gold imports to festive and marriage-related demand, so far this year, gold imports are up almost 50 per cent.

Other commodity imports have witnessed diverging trends. For instance, crude oil imports picked up in November, after hitting a 12-month low in October, while iron and steel imports fell sharply. The services data accompanying this data release indicates that services exports surpassed merchandise exports in November. However, this data is an estimation and will be revised following RBI's release.

The outlook for global trade is marred by uncertainties. US President-elect Donald Trump has already stated his intention to raise tariffs on Mexico, Canada and China. Trump has also criticised India's tariffs, pointing specifically towards the 100 per cent tariff rate for some products.

The President-elect is reported to have said on Tuesday that — "India charges a lot. Brazil charges a lot. If they want to charge us, that's fine, but we're going to charge them the same thing." This raises the possibility of

Washington imposing reciprocal taxes on Indian products. During the first Trump presidency, India had lost duty free access under the Generalised System of Preferences programme which affected $5.7 billion worth of exports.

Considering the implications of Trump's possible trade moves, India must deftly navigate this period of uncertainty as it negotiates with the Trump administration.

Source: indianexpress.com – Dec 19, 2024

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Textile industry seeks government support to upgrade handloom technology

The Central and State governments should announce a special scheme to upgrade preparatory processes for hand weavers, said S.K. Sundararaman, chairman of the Southern India Mills' Association (SIMA).

Speaking at the inaugural of the annual technology conference of the South India Textile Research Association (SITRA) in Coimbatore on Thursday, he said that a study by SITRA on dyeing and sizing of yarn meant for handloom weaver society in package dyeing machine would benefit the handloom community, who struggled with high-cost production and treatment and disposal of dyeing effluents. There was scope to reduce dyed yarn cost by more than 35%. The study was a solution for the highly primitive warp and weft preparation technology adopted by the handloom sector.

The governments should extend yarn subsidy for package dyed yarn to create a win-win situation both for the spinning mills and the handloom sector.

The governments should come out with a special handloom preparatory technology upgradation scheme giving thrust for package dyeing and sizing with zero liquid discharge facilities as recommended instead of conventional hank yarn dyeing.

The industry in Tamil Nadu should focus on value added products, particularly technical textiles and high value-added manmade textiles. "We need to consolidate the small and medium textile manufacturers in all the clusters, focus on value-added products and aim at grabbing nominated business of reputed brands. We need to benchmark countries like Italy, Japan, Taiwan, etc., for manufacturing value added and unique textiles and clothing products," he said.

According to E. Sathyanarayana, vice-chairman of the council of administration of SITRA, it focused on its three core activities - research, consultancy services, and training during the last one year. It worked on 37 projects of which two were sponsored and the rest were initiated as in-house projects understanding the current needs of the industry.

Under specific requests from mills, SITRA attended to 141 consultancy assignments on wide areas of specialisation. Over one lakh samples of fibre, yarn and fabric were tested for their physical, chemical, and biological properties.

SITRA has obtained approval as a Medical Device Testing Laboratory from the Central Drugs Standard Control Organisation (CDSCO) for 28 medical textile products and two test methods, covering a wide range of medical device classes. During the year, it also signed agreements with eight organisations, he said.

Director of Textiles, Tamil Nadu, R. Lalitha and Mission Director, National Technical Textiles Mission (NTTM) Ashok Kumar Malhotra, spoke at the inaugural of the conference.

Source: thehindu.com– Dec 20, 2024

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Building a sustainable export business: Key strategies for global market expansion

Expanding into global markets offers businesses immense growth opportunities but requires a strategic and adaptable approach. Success hinges on understanding regional differences, market demands, and cultural nuances. Here are essential strategies to build and sustain a thriving export business.

Conduct market research for each target region

A successful export business starts with in-depth market research. Each country's consumer behaviour, regulatory framework, and competition landscape are unique. Conducting thorough surveys provides actionable insights into local demand, price preferences, and competition. This understanding helps businesses tailor their products and align them with regional requirements. When we were expanding to Bangladesh, overcoming high duties involved detailed buyer-competitor analysis.

Embrace cultural and economic adaptation

Localisation is key to making products resonate in foreign markets. Beyond meeting regulatory standards, businesses must adapt to cultural and economic contexts. This can mean modifying product designs, packaging, or pricing structures. For instance, food exporters may adjust recipes to suit local tastes, while service providers might refine their offerings based on purchasing power. An adaptive approach fosters stronger connections with local consumers.

Build localised teams

Navigating foreign markets demands on-ground expertise. Local hires bring invaluable insights into customer preferences, regulations, and logistical challenges. A dedicated regional team streamlines market adaptation, enhances customer service, and builds trust.

Localised teams also enable quicker responses to market dynamics and operational needs. When we were expanding, starting with South Asia, we tailored our strategies to local needs. In Nepal, physical outreach and local language teams helped identify distributors. This helped us immensely.

Strengthen supply chain and logistics

A reliable supply chain is the backbone of an export business. Partnering with trusted logistics providers and considering local warehousing options ensure product availability. Building resilience into logistics—such as sourcing materials locally or maintaining safety stock—helps mitigate risks from disruptions like political changes or natural disasters.

Create localised marketing collaterals

Tailored marketing materials are crucial to connecting with diverse audiences. Localised brochures, catalogs, social media content, and advertisements reflect cultural values and language, enhancing brand perception. These efforts create a strong first impression and foster lasting customer engagement. Here again, having local knowledge can often prove to be very beneficial.

Participate in international trade shows

Trade shows and expos offer unparalleled opportunities to showcase products, establish credibility, and connect with potential distributors or partners.

These platforms enable businesses to make impactful market entries, assess distributor networks, and strengthen relationships with industry stakeholders. Personally, I have benefitted from the big trade shows in countries like Germany, China and the Gulf countries. It doesn't come cheap, but it allowed us to showcase our products and also figure out what competition from other countries were doing.

Collaborate with trade bodies

Engaging with local chambers of commerce and trade organisations provides critical introductions to key market players and insights into local regulations.

These bodies offer resources like networking events and legal guidance, easing the complexities of foreign market entry. Such collaborations also demonstrate a commitment to the local economy, enhancing goodwill. For us, in Bhutan, networking through Chambers of Commerce proved invaluable.

Leverage pro-export policies

Many governments promote exports through favourable policies, including tax incentives, reduced tariffs, or simplified regulations. Staying informed about these opportunities can lower operational costs and facilitate quicker market entry, benefiting both exporters and host economies.

By implementing a strategic, research-driven approach, businesses can successfully establish a global footprint. Combining localised strategies, cultural adaptability, and strong industry relationships paves the way for sustained growth.

Currently, the global sanitary ware and bath fittings industry is largely dominated by China. However, the shifting dynamics of US-China relations, which remain strained, present a golden opportunity for India to position itself as a reliable alternative.

Expanding into export markets requires understanding the unique dynamics of each region. By systematising insights—evaluating duties, potential, and market players—we've established over 50 distributors across 19 countries, with a mission to reach 100 distributors in 30 countries by 2027.

With its robust manufacturing capabilities, skilled workforce, and competitive pricing, India is poised to significantly expand its share in the global market. By leveraging this geopolitical shift, Indian manufacturers can redefine the industry's landscape and drive substantial growth on a global scale.

Source: economictimes.com– Dec 19, 2024

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Gujarat Textile Industry calls for the use of renewable energy for global competitiveness

The Southern Gujarat Chamber of Commerce and Industry (SGCCI) has called on Gujarat's Finance and Energy Minister, Kanu Desai, to help industrialists to use 100 per cent of their electricity from self-generated renewable energy projects. The Chamber stated to stay competitive in the global market it is crucial for Gujarat's textile manufacturers to lower electricity costs to meet sustainability requirements.

In a memorandum presented to the minister in Gandhinagar, SGCCI emphasised how renewable energy could reduce operational costs, benefiting the textile sector. Chamber President Vijay Mewawala and other key members highlighted that the Green Energy Open Access Rules, introduced by the central government in 2022 and adopted by the Gujarat Electricity Regulatory Commission (GERC) in 2024, offer a 30 per cent energy banking limit for renewable projects. However, a recent order from Gujarat Urja Vikas Nigam Limited (GUVNL) restricts energy banking to just 30 per cent of total electricity consumption from state DISCOMs, limiting the potential of renewable energy.

With global demand for sustainably produced goods on the rise, Gujarat's textile industry, particularly in Surat, fears it may not meet European export standards that require 100 per cent green energy. The SGCCI urges policy adjustments to help local businesses remain competitive.

Source: apparelresources.com– Dec 19, 2024

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